

# Capitalism and the Gut-Wrenching Hijack of India

In India, the 'development' paradigm is premised on moving farmers out of agriculture and into the cities to work in construction, manufacturing or the service sector, despite these sectors not creating anything like the number of jobs required. The aim is to displace the existing labour-intensive system of food and agriculture with one dominated by a few transnational corporate agri-food giants which will then control the sector. Agriculture is to be wholly commercialised with large-scale, mechanised (monocrop) enterprises replacing family-run farms that help sustain hundreds of millions of rural livelihoods while feeding the urban masses.

Renowned journalist [P Sainath](#) encapsulates what is taking place when he says that the agrarian crisis can be explained in just five words: hijack of agriculture by corporations. He notes the process by which it is being done in five words too: predatory commercialisation of the countryside. And he takes five words to describe the outcome: biggest displacement in our history.

Why would anyone sanction this and set out to run down what is effectively a productive system of agriculture that feeds people, sustains livelihoods and produces sufficient buffer stocks?

Part of the answer comes down to India being the [largest recipient](#) of World Bank loans in the history of that institution and [acting on its directives](#). Part of it results from the corporate-driven [US-Indo Knowledge Agreement on Agriculture](#). On both counts, it means India's rulers are facilitating the needs of Western capital and all it entails: an inherently predatory economic model based on endless profit growth, crises of overproduction and overaccumulation and market saturation and a need to constantly seek out, create and expand into new, untapped (foreign) markets to maintain profitability.

And as a market for proprietary seeds, chemical inputs and agricultural technology and machinery, India is vast. The potential market for herbicide growth alone for instance is huge: sales could reach USD 800 million [\[1\]](#) by 2019 with scope for even greater expansion. And with restrictions on GMOs in place in Europe and elsewhere, India is again regarded as a massive potential market. And it's the same for Western food processors and retailers too; the entire sector will be captured from seed to plate.

## Saving capitalism

Of course, this trend predates the current administration, but it is as if Modi was especially groomed to accelerate the role of foreign capital in India. Describing itself as a major global communications, stakeholder engagement and business strategy company, [APCO Worldwide](#) is a lobby agency with firm

links to the Wall Street/corporate US establishment and facilitates its global agenda. Modi turned to APCO to help transform his image and turn him into electable pro-corporate PM material. It also helped him get the message out that what he achieved in Gujarat as Chief Minister was a miracle of economic neoliberalism, although the actual [reality](#) is quite different.

A few years ago, APCO stated that India's resilience in weathering the global downturn and financial crisis has made governments, policy makers, economists, corporate houses and fund managers believe that the country can play a significant role in the recovery of global capitalism.

Decoded, this means capital moving into regions and nations and displacing indigenous systems of production and consumption. Where agriculture is concerned, this hides behind emotive and seemingly altruistic rhetoric about 'helping farmers' and the need to 'feed a burgeoning population' (regardless of the fact this is exactly what India's farmers have been doing).

Modi has been on board with this aim and has proudly stated that India is now one of the most 'business friendly' countries in the world. What he really means is that India is in compliance with World Bank directives on 'ease of doing business' and '[enabling the business of agriculture](#)' by facilitating further privatisation of public enterprises, [environment-destroying policies](#) and forcing working people to take part in a [race to the bottom](#) based on '[free](#)' [market fundamentalism](#).

APCO has described India as a trillion-dollar market. It talks about positioning international funds and facilitating corporations' ability to exploit markets, sell products and secure profit. None of this is a recipe for national sovereignty, let alone food security. For instance, renowned agronomist MS Swaminathan [has stated](#): "Independent foreign policy is only possible with food security. Therefore, food has more than just eating implications. It protects national sovereignty, national rights and national prestige."

Despite such warnings, India's agrarian base is being uprooted. When agri-food corporations say they need to expand the use of GMOs or other technologies or invest in India under the guise of feeding the world or 'modernising' the sector, they're really talking about capturing the market that's still controlled by peasant agriculture or small-scale enterprises. To get those markets they first need to displace the peasantry and local independent producers.

Politicians are clever at using poor management, bad administration and overblown or inept enterprises as an excuse for privatisation and deregulation. Margaret Thatcher was an expert at this: if something does not work correctly because of bad management, privatise it; underinvest in something, make it seem like a basket case and sell it; pump up a sector with public funds to turn it into a profitable, efficient enterprise then sell it off to the private sector. The tactics take many forms.

And Indian agriculture has witnessed [gross underinvestment](#) over the years, whereby it is now wrongly depicted as a basket case and underperforming and ripe for a sell off to those very interests who had a stake in its underinvestment.

Historian Michael Perelman [\[2\]](#) has detailed [the processes](#) that whipped the English peasantry into a workforce 'willing' to accept factory wage labour. Peasants were forced to leave their land and go to work for below-subsistence wages in dangerous factories being set up by a new, rich class of industrial capitalists. Perelman describes the policies through which peasants were forced out of agriculture, not least by the barring of access to common land. A largely self-reliant population was starved of its productive means.

Today, we hear seemingly benign terms like 'foreign direct investment' and making India 'business friendly', but behind the rhetoric lies the hard-nosed approach of modern-day capitalism that is no less brutal for Indian farmers than early industrial capitalism was for English peasants. The intention is for India's displaced cultivators to be retrained to work as cheap labour in the West's offshored plants. India is to be a fully incorporated subsidiary of global capitalism, with its agri-food sector restructured for the needs of global supply chains and a reserve army of labour that effectively serves to beat workers and unions in the West into submission.

India's spurt of high GDP growth was partly fuelled on the back of cheap food and the subsequent impoverishment of farmers: the gap between farmers' income and the rest of the population has widened enormously. While underperforming corporations receive [massive handouts and have loans written off](#), the lack of a secure income, exposure to international market prices and cheap imports contribute to farmers' misery of not being able to cover the costs of production.

As independent cultivators are bankrupted, the aim is that land will eventually be amalgamated to facilitate large-scale industrial cultivation. Those who remain in farming will be absorbed into corporate supply chains and squeezed as they work on contracts dictated by large agribusiness and chain retailers.

The long-term plan is for an urbanised India with a fraction of the population left in farming working on contracts for large suppliers and Wal-Mart-type supermarkets that offer highly processed, denutritified, genetically altered food contaminated with chemicals and grown in increasingly degraded soils according to an unsustainable model of agriculture that is less climate/drought resistant, less diverse and unable to achieve food security. This would be disastrous for farmers, public health and local livelihoods.

The 2009 International Assessment of Agricultural Knowledge, Science and Technology for Development report recommended agroecology to maintain and increase the productivity of global agriculture. The recent UN High Level Panel of Experts report concludes that agroecology provides greatly improved food security and nutritional, gender, environmental and yield benefits compared to industrial agriculture. Both reports note the vital importance of smallholder farming.

India needs to adopt a rural-centric approach to development and resist being incorporated further into the globalised food regime dominated by Western agri-food conglomerates. It must move away from a narrowly defined notion of food security and embrace the concept of food sovereignty. This notion of food security has been designed and enacted by Western corporations that have promoted large-scale, industrialised corporate farming based on specialised production, land concentration and trade liberalisation. This has led to the widespread dispossession of small producers and global ecological degradation.

What we have witnessed is an international system of chemical-dependent, agro-export mono-cropping and big infrastructure projects linked to loans, sovereign debt repayment and World Bank/IMF directives, the outcomes of which have included a displacement of the peasantry, the consolidation of global agri-food oligopolies and the transformation of many countries into food deficit regions.

Across the world, we have seen a change in farming practices towards mechanised industrial-scale chemical-intensive monocropping and the undermining or eradication of rural economies, traditions and cultures. We see the 'structural adjustment' of regional agriculture, spiralling input costs for farmers who have become dependent on proprietary seeds and technologies and the destruction of food self-sufficiency.

In effect, we see a globalised 'stuffed and starved' food regime that benefits the rich countries at the expense of the poor. Given the ecological devastation, water resource depletion (and pollution), soil degradation and the dependency relations that form part of this system, global food security has been undermined.

Whether it involves the transformation of Africa from a net exporting food continent to a net importer or the devastating impacts of soy cultivation in Argentina, localised, traditional methods of food production have given way to global supply chains dominated by policies which favour agri-food giants, resulting in the imposition of a model of agriculture that subjugates remaining farmers and regions to the needs and profit margins of these companies.

## Food sovereignty

On the other hand, food sovereignty encompasses the right to healthy and culturally appropriate food and the right of people to define their own food and agriculture systems. 'Culturally appropriate' is a nod to the foods people have traditionally produced and eaten as well as the associated socially embedded practices which underpin community and a sense of communality. But it goes beyond that.

People have a deep microbiological connection to soils, processing and fermentation processes which affect the gut microbiome – the up to six pounds of bacteria, viruses and microbes akin to human soil. And as with actual soil, the microbiome can become degraded according to what we ingest (or fail to ingest). Many nerve endings from major organs are located in the gut and the microbiome effectively nourishes them. There is ongoing research taking place into how the microbiome is disrupted by the modern globalised food production/processing system and the chemical bombardment it is subjected to.

Capitalism colonises (and degrades) all aspects of life but is colonising the very essence of our being – even on a physiological level. With their agrochemicals and food additives, powerful companies are attacking this 'soil' and with it the human body. As soon as we stopped eating locally-grown, traditionally-processed food, cultivated in healthy soils and began eating food subjected to chemical-laden cultivation and processing activities, we began to change

ourselves. Along with cultural traditions surrounding food production and the seasons, we also lost our deep-rooted microbiological connection with our localities. We traded it in for corporate chemicals and seeds and global food chains dominated by the likes of Monsanto (now Bayer), Nestle and Cargill.

Aside from affecting the functioning of major organs, neurotransmitters in the gut affect our moods and thinking. Alterations in the composition of the gut microbiome have been implicated in a wide range of neurological and psychiatric conditions, including autism, chronic pain, depression and Parkinson's Disease.

Science writer and neurobiologist Mo Costandi has discussed gut bacteria and their balance and importance in brain development. Gut microbes controls the maturation and function of microglia, the immune cells that eliminate unwanted synapses in the brain; age-related changes to gut microbe composition might regulate myelination and synaptic pruning in adolescence and could, therefore, contribute to cognitive development. Upset those changes and there are going to be serious implications for children and adolescents.

In addition, UK-based environmentalist Rosemary Mason notes that increasing levels of obesity are associated with low bacterial richness in the gut. Indeed, it has been noted that tribes not exposed to the modern food system have richer microbiomes. Mason lays the blame squarely at the door of agrochemicals, not least the use of the world's most widely used herbicide, glyphosate, a strong chelator of essential minerals, such as cobalt, zinc, manganese, calcium, molybdenum and sulphate. Mason argues that it also kills off beneficial gut bacteria and allows toxic bacteria.

To ensure genuine food security (and good health), India must transition to a notion of food sovereignty based on optimal self-sufficiency, agroecological principles and local ownership and stewardship of common resources – land, water, soil, seeds, etc. Agroecology outperforms the prevailing resource-depleting, fossil-fuel dependent industrial food system in terms of diversity of food output, nutrition per acre, soil health and efficient water use.

Moreover, it is important to note that such a system would not be reliant on oil or natural gas. Virtually all of the processes in the modern food system are now dependent on finite fossil fuels, from the manufacture of fertilisers and pesticides to all stages of food production, including planting, irrigation, harvesting, processing, distribution, shipping and packaging. The industrial food supply system is one of the biggest consumers of fossil fuels.

A food system so heavily reliant on fossil fuel is fragile to say the least, especially given the geopolitical machinations that affect the supply and price of oil. Consider the UK, for instance, which has to import 40% of its food; and much of the rest depends on oil to produce it, which also has to be imported.

The scaling up of agroecology has the potential to more effectively tackle hunger, malnutrition, environmental degradation and climate change. By creating securely paid labour-intensive agricultural work, it can also address the interrelated links between labour offshoring by rich countries and the removal of rural populations elsewhere who end up in sweat shops to carry out the outsourced jobs.

The principles of agroecology include self-reliance and localisation. This model does not rely on shipping food over long distances, corporate owned or controlled seeds or proprietary inputs. It is potentially more climate resilient,

profitable for farmers and can make a significant contribution to carbon storage (and draw down carbon from the atmosphere), water conservation, soil quality and nutrient-dense diets.

However, this represents a challenge to international capital: low input, agroecological models of food production and notions of independence and local self-reliance do not provide opportunities to global agribusiness or international funds to exploit markets, sell their products and cash in on APCO's vision of a multi-billion-dollar corporate hijack of India.

## Agrarian Crisis Can Even be Described as Civilizational Crisis, Says P Sainath

Acclaimed journalist and Founder-Editor of the People's Archive of Rural India, P Sainath attributes the existential crisis confronting India's agrarian society to macro-economic policies set in motion 25 years ago. Talking to Anuradha SenGupta, Sainath makes a case for state intervention in agriculture and says the Modi government, with its shifting positions and policies like demonetisation has only aggravated the assault on agrarian livelihoods.

Dismissing the buzz about imminent new initiatives for farmers as political business as usual, P Sainath outlines why Parliament must convene an urgent special session if we want a comprehensive, long term fix to this distress.

**Anuradha SenGupta** : Assess the response the political class has had to this agrarian distress. You've been in Delhi. You've tried to get parliament to hold a joint session consecutively for two three weeks so that this can be discussed with the kind of

urgency and importance it deserves. How do you assess the reaction?

**P Sainath** : Well I think the reaction improves as elections draw closer, you know. If you just look at who your parliament represents today, if you look at the Association for Democratic Reforms data - we introduced the election affidavit where you give a self-assessment of your worth, in 2004.

In that the 543 MPs of the Lok Sabha, the winners - 32 percent were crorepatis by self-valuation. In 2009, the ratio for the percentage of crorepatis went up to 53 percent. In the 2014 Lok Sabha, the percentage of crorepatis is 82 percent! These are the people who are going to represent some of the poorest human beings on earth. They're going to represent much better the class forces that sponsored them, that drove them into power.

So you have all the time in the world to get the GST Bill passed. The Swaminathan Commission report and that is the mantra on every farmer's lips, has lain 14 years in Parliament without an hour's dedicated discussion. The first of the Swaminathan Commission reports that were submitted, there are 5, in December 2004 and the last in 2006. 14 years, you couldn't find one hour to discuss it! I think the dominant sections of the political class have arrived on some sort of a consensus twenty-five years ago on the direction they will move the country in, and in that direction, agriculture is the worst sufferer. Farming or the farming communities and agricultural labourers are the worst sufferers because they rank

very low on the priorities of that direction of economic policy.

**Anuradha SenGupta** : In the winter session you also had the agriculture ministry or minister put forward the information that in the last two years there has been no data published on farmer suicides. So the last available data is up to 2015. It's shocking to me that what should be a tragic indicator of this phenomenon we don't even have that information anymore, to assess the crisis. How harmful has this been?

**P Sainath** : Devastatingly harmful. In the last 10-15 years, successive governments have dealt with serious blows to data and data sources in this country. I will not say that it was only this government, that would not be true.

However this government has raised the level and expanded the scale of assault on data and data sources in this country exponentially. Why do you not have data for two years? That was a conscious policy decision.

The government stopped the NCRB from publishing its report from 2016 onwards, that's why you don't have data. They have collected the data for 2016 but only let out a little dribble of that in Parliament as provisional data. You cannot use provisional data along with the rest of it. In 2014 they changed the parameters so completely, changed the definitions of categories so completely: making data from 2014 onwards non-compatible with the earlier nineteen years for which data existed. Second, even then the



numbers were so embarrassing they shut down the NCRB.

Did you know that they shut down the NCRB? They shut it down merged it into another department called Bureau of Police Research and Development. Putting the NCRB into the Bureau for Police Research Development, which does a few outsourced surveys and sample surveys, is like taking the results of your general election and merging it into an opinion poll! Now when they shut down the damage themselves, suddenly the clowns who did this realized that they were bereft of any kind of data at all. So would you believe that within 10 months they had de-merged the NCRB. It has never happened in your history that a major unit of the Home Ministry, which is the NCRB, was wound up, merged into another department and then reemerges after merging. You can see the letter on the demerger on the NCRB website. So you've caused incalculable harm.

**Anuradha SenGupta:** I think the last data that we have, is over three lakh people killed due to farmer suicides up to 2015. Why is it important for all of us to understand that this is really the biggest indicator of how widespread and deep this agrarian crisis is? There seems to be some doubt about that as well isn't it?

**P Sainath:** You should know that the NCRB while the only authentic source was not necessarily accurate, it had major exclusions. For instance it severely undercounted suicides by women farmers, Dalit farmers, Adivasi farmers. Our societal prejudices are such we cannot bring ourselves to

accept women as farmers. In the Census definition anyone who operates a piece of land, no size given no gender is specified, for one hundred and eighty days or more and supervises that cultivation is a farmer. When the police record at the village level, the constable the tehsildar whoever is doing the recording, you are a farmer if you have a title deed, or patta, with your name on it. Barely 8 percent of women have land in their own name in this country. So what they do is, that say a woman farmer has committed suicide, they look to see if her name is on the patta, does she own the land. And since it's not so she's not a farmer. She is a farmer's wife. Which is how we see her. Second, many women farmers are easily classified as housewives. Because we just don't accept that the work they do is that of the skilled farmer. 90 percent of paddy transplantation in the country is done by women.

**Anuradha SenGupta** : So you're saying that this three lakh figure is an underestimate.

**P Sainath** : It is a serious underestimate. Let me give you another example. Many of the young girls committing suicide, which we have documented, these suicides get in as student suicides. There are 15 year old, 16 year old, and are called student suicides because they were students. But what was the real reason for their suicide? A peasant couple has a son and a daughter in High School or College, where they're paying fees. When the agrarian crisis bankrupts them they have to remove one. Who did they remove? They remove the girl. More often than not the girl is a far better student than the boy, but

they remove her. When they remove her, we've come across cases after cases of that girl, killing herself. Now she didn't kill herself because she failed in exams, but it'll be listed as a student suicide, because she was a student. There are lakhs of women farmers in Haryana and Punjab.

Year after year, Haryana and Punjab record zero women farmer's suicides. But you look at the housewives column that is exploding because you've listed a number of farm girls as housewives. A lot of people don't know who farmers in the country are. So you have really moronic interpretations. The most heartless and stupid one coming from really eminent people. Columbia dons saying actually 300000 or 200000 whatever the figure was at that time is very low because farmers are 53 percent of the country's population. This argument has been made and repeated by even more stupid journalists or people who see themselves as journalists. Now the thing is, farmers are not 53 percent of your country's population, they are less than 8 percent.

**Anuradha SenGupta :** How would you assess the last five years of the Prime Minister Narendra Modi led government and its agriculture policy. You can't just see the five years in isolation and yet five years is a long time to try and attempt to steer things in the right direction.

**P Sainath:** You're quite right. Cannot see it in isolation. We're really looking at policy directions that have unfolded over 25 years. The last five years

have been devastating because they've added injury to insult and injury. You've had for instance demonetisation. That was peculiarly Mr Modi's own triumph. The kind of damage it did, people are still to recover from.

**Anuradha SenGupta:** I think the impact of demonetisation on this crisis has been documented. I've heard you talk about it, but if you look specifically at the agriculture policy? The Government of India via the Agriculture Ministry said in the Supreme Court in 2015, responding to the demand for the 50 percent hike in MSP, that "It may be noted that pricing policy that is fixing of MSP is not a cost plus exercise though cost is an important determinant of MSP. The pricing policy seeks to achieve the objective of fair and remunerative prices and is not an income policy. Hence prescribing an increase of at least 50 percent on cost may distort the market." Is the statement at the heart of the NDA government's agricultural policy – which is to let market forces determine the outcomes of agriculture?

**P Sainath:** Well you've been doing that for quite some time. It's nothing new. But what makes the Indian government different I will come to in a moment. The thing is you've allowed prices in the last 25 years, in the name of market based pricing, you've allowed price gouging by corporations that controlled seeds, that controlled pesticides, that control fertilizers.

**Anuradha:** So all the inputs.

**P Sainath:** All the major inputs. The lifeblood of farming is in corporate hands. So you've had some varieties of seeds see 500 percent, 700 percent increases. The cost of cultivation, in Vidarbha, in 2003 it cost Rs.2500 to 4000 to cultivate an acre of unirrigated cotton, and it costs Rs.10000 to 12000 to cultivate an acre of irrigated land of cotton. Today the unirrigated price is upwards of Rs.15-20000 and for the irrigated acre of cotton upwards of Rs.40-45,000. So even if your doubling of income occurs it means nothing when the costs of cultivation have grown fourfold and fivefold.

Now about this government, let me put that statement in context, in 2014 this government won a substantial part of the farmer vote promising to implement Swamathan Commission's recommendation on MSP being equal to cost of production plus 50 percent. Less than twelve months of coming to power, it submitted that affidavit saying this cannot be done, it would distort market prices with no explanation for; why did you then promise it! 2016 the agriculture Minister, whom you quote, actually made speeches denying that such a promise had been made. 2017 they said forget Swaminathan, look at Madhya Pradesh Bhavantar scheme etc. And they were lauding it to the skies around which time five farmers were shot dead in Mandsaur, in the protest of farmers against the government.

So that was Shivraj Singh Chouhan's great model. 2018 January, please read your budget speech of the Finance Minister: paragraphs 13 and 14, he not

only acknowledges by implication that they did make such a promise, he says we have already implemented it! 2018 in August you have the redoubtable Mr Gadkari saying "Aare Yaar, We made lots of promises. Koi ummeed nahi tha ki hum satta mein aayenge." He actually says this. You've heard that famous quote of his. So in the space of 60 months they've taken six positions. And what you can describe this period as, though it flows in that same direction of 20 years, it's a period of aggravated assault on the livelihoods of farmers and agricultural labourers and agrarian society as a whole. What was an undermining, and an erosion of those livelihoods becomes an aggravated assault.

**Anuradha SenGupta:** This came home to people in urban and middle class India when farmers in Maharashtra marched from Nasik to Mumbai. It gave a visual glimpse to the injustice of what was happening in their lives. Has it dawned on us that farmers seem to have subsidized our consumption and our living patterns?

**P Sainath:** The farmer is one person - one producer who has no control over the price that is set for his product. That is controlled. It is also an answer to that claim that farmers don't pay taxes that is a form of taxation, you hold that price down. When farmers are getting good prices internationally you ban exports when there is a better price at home you bring in mass imports.

**Anuradha SenGupta:** But this seems illogical why would any government do this? What am I missing?

**P Sainath:** The agrarian crises in 5 words is: Hijack of agriculture by corporations. The process by which it is done in 5 words: Predatory commercialisation of the country side. When your cultivation cost have risen 500 percent over a decade, the result of that crisis, that process in 5 words: Biggest displacement in our history.

**Anuradha SenGupta:** Let us say that this is the reason and people are either dying of farming or they are getting displaced and leaving farming, who does the government and country expect will do farming?

**P Sainath:** Many of them go back into agriculture as labourers. If we look at the primary census abstract, as the column of farmer plummets the column of agriculture workers explodes. In my home state, the unified Andhra Pradesh in 2011, the farmer column depletes by 1.3 million, the agricultural workers column expands by 2 and a half times that number. Many are falling into the ranks of the agrarian underclass. They will do the farming, they will be labourers or slaves on the land they once owned. Second, you will go in for more and more mechanized or you know automation farming, you will do that; your model is the United States model where less than 1 percent of the people are farmers. We can do that, reduce the number of people working in farming to 3 or 2 percent but where do they go? Have you created a single optional job for them?

**Anuradha SenGupta:** When you say that farmers are not allowed to set prices, when price collapses

happen like the one with onions we are seeing now, we have seen it with milk and so many other crops, what is the reason? They suggest there is excess supply.

**P Sainath:** There is one good point - many farmers in distress are not those who have not produced, they are those who have produced and raised bumper crops as well. The thing is you have brought millions of subsistence farmers into a world that you call the free market, which is anything but free. The invisible hand of the market to my mind is a very identifiable bunch of extremely grubby paws. It is the duty of governments, and please understand this for the votaries of the free market, there is not a country in the world where agriculture exists, let alone prospers, without substantial state investment. The richest societies in the world, the States and the European Union have caused the price problems with their gigantic subsidies. Look at the subsidies of the United States of 2004 and 2006, the total value of the cotton output was something like \$3.7 billion, the subsidy was \$4.3 billion. Now that devastated prices across the world. Your Vidharbha farmers saw the crash of their lives in prices because they are now locked into a globalised market which is controlled by a handful of corporations that set the prices, not free market or choice.

**Anuradha SenGupta:** Sainath what is the long term fix? MSP, loan waivers we know are critical but tactical. We know they are needed.



**P Sainath:** But they are only the first step. They are not going to solve the problem.

**Anuradha SenGupta:** Exactly. So given you've told me that we are in a situation of drought. Things are catastrophic. Where does one start as a government and as a society more critically, to address these problems?

**P Sainath:** I think there are 2 or 3 bright things that have also happened. The Nasik-Mumbai march that you mentioned of the farmers, I think years from now we will look back on that as a turning point in the consciousness of this society. I've been maintaining for 3 years now that the agrarian crisis has gone far beyond the agrarian, it's a societal crisis. It could even be described as a civilisational crisis because the world's largest body of small landholders, their survival is under assault, it's under siege. It's a crisis of our own humanity. When that march took place, for the first time, being 26 years resident in Mumbai, I saw the middle classes come out and embrace the marchers and their cause. This time in March 2018 was the very first time I saw Mumbai's middle class come out in thousands. There were doctors from JJ Hospital who had come to treat the marchers who had come 180 kilometers from Nasik. Lawyers from the Mumbai High Court, very young people, came out and were inquiring from everybody, can we file PILs against the Maharashtra government. Teachers and students were there distributing food packages.

**Anuradha SenGupta:** This is great. So how do we galvanise this and take it further?

**P Sainath:** That march was the inspiration. When you saw doctors for farmers, lawyers for farmers, teachers for farmers, that day, some of us saw a nation for farmers. And farmers and farm labourers are very central to your society and your social fabric. We think, and that demand you have heard made in that march in Delhi, you need a special session of parliament of 3 weeks. What will you discuss in 3 weeks? One, you discuss the Swaminathan Commission report threadbare. Second, you look at the mega water crisis which is much bigger than a drought.

You have no idea sitting in Delhi, Mumbai, Chennai how bad it's getting in the countryside. The Marathwada crisis is leading to hundreds and hundreds of children dropping out of their colleges and schools because their parents are unable to pay. The water crisis in this country is much bigger than meteorological failure. It's about gigantic transfers of water, from livelihoods to lifestyle, from agriculture to industry, from food crops to cash crops, from rural to urban, from poor to rich. When we spoke about loan waiver and MSP, we said they are not going to solve a problem, they are first steps. The correct method would be to locate the loan waiver in a larger credit crisis, in a larger overhaul of the credit system.

For the last 25 years we have shifted agricultural credit out of the hands of agriculture into the hands of the agri-business. You find that small loans, those that go to the smallest farmer has collapsed, loans below Rs. 50,000, loans below Rs.2 lakhs those have

virtually collapsed over the 10 year period. Loans above Rs.10 crores, Rs.20 crores have doubled, tripled. I don't know too many farmers who take loans of Rs.10 and Rs. 20 crores. Do you? That shifting of credit steadily from the farmer to the agri-businesses has led to severe indebtedness and the problems you are seeing now. There was no demand for a loan waiver in 1998, '87, '99, 2000. It's a much more recent demand of the last 5-10 years. So you created a credit crises, you need to discuss that.

**Anuradha SenGupta:** In fact Sainath the implementation of MSP hikes and loan waivers in itself is a big problem, isn't it? The way any of this is actually playing out on the ground once the announcements are made.

**P Sainath:** It's a huge problem, it's a gigantic problem. I venture to predict that the Modi government will announce before the elections, at the appropriate time, huge hikes in MSP. They don't have to be implemented. Second, MSP as it now stands, is accessible only to a very small percentage of farmers in the country. Third, governments frequently increase, make huge statements about the rises in MSP and then don't procure. So we open the procurement centres in the region 10 days late by which time that fellow has been forced to sell his product to the first trader coming by. Fourth in the case of this government it is toying with the term 'cost of production' (COP). It says we have already implemented COP plus 50 percent. That is not the cost of production that the Swaminathan Commission recommended.

**Anuradha SenGupta:** Which includes labour as well isn't it?

**P Sainath:** There are many forms of calculation but there are three broad ones. One is called A2 which is just paid out input costs of the season, second A2+FL is the input costs paid out plus the imputed cost of family labor, three is COP2 comprehensive cost of production which would include land rental value, interest on loans etc.

**Anuradha SenGupta:** I think the government is looking at just input cost isn't it?

**P Sainath:** It's either A2, sometime might touch A2+FL. Also they are playing on the wanton ignorance of the media. Your media has much to answer for. The politicians have better antenna and are more committed.

**Anuradha SenGupta:** For their own survival.

**P Sainath:** For their own survival. In the last 3 months on every channel are the words 'agrarian crisis'. It seemed even to fracture the tongue of anchors because it's such an unlikely term for them to be mouthing. It came up in the 2004 elections very strongly because you saw the defeat of Chandrababu Naidu and SM Krishna. In the hundreds of beats we have in media, you do not have a single full time labour or employment correspondent and what someone you call the agriculture correspondent is someone who covers the agriculture ministry, not the mandi, not the sowing. And above all we don't cover the lives of the farmer and that's why The People's Archive of Rural India exists - to look at developments, at what's

happening through the lives of people. If you look at it through the eyes of the agricultural labourer and the farmer, you will be doing a very different kind of coverage in newspapers and television.

## India largest recipient of loans from World Bank for 70 years, says lending report

India is the largest recipient of loans from the World Bank, amounting to \$102.1 billion, between 1945 and 2015 (as on July 21, 2015), according to the Bank's lending **report**.

While the International Bank for Reconstruction and Development (IBRD), a part of the World Bank group, has lent \$52.7 billion, the International Development Association (IDA), a multilateral concessional lender of World Bank, has loaned \$49.4 billion to India over the last 70 years.

The Ministry of Finance tabled an updated figure of \$103 billion (IBRD—\$53 billion and IDA—\$50 billion) in a **reply** to the Lok Sabha (Parliament's lower house) last month.

India's **loans** from the World Bank stand at \$104 billion (IBRD—\$54 billion and IDA—\$50 billion) as on December 31, 2015. Of this, the World Bank has disbursed \$73 billion, with India repaying \$37 billion.

India is followed by Brazil (\$58.8 billion), China (\$55.6 billion), Mexico (\$54 billion) and Indonesia (\$50.5 billion).

The World Bank has been lending funds to India for rural and urban development **projects** related to transport, water and irrigation, health, power and agriculture.

IBRD is the world's **largest** development bank and hopes to eliminate poverty by 2030. IDA is the largest multi-lateral source of concessional finance to boost growth and cut poverty.

While IBRD provides loans and assistance to primarily **middle-income countries** , IDA helps the world's **poorest** nations.

World Bank (including IBRD and IDA) assistance in 2015 was \$42.4 billion, as on July 21, 2015. Africa (\$11.6 billion) was the largest recipient, followed by South Asia (\$7.9 billion).

IBRD is committed to lend \$23.5 billion in fiscal 2015; IDA, \$18.9 billion.

India received 9% (\$2.1 billion) of IBRD commitments, the largest to any country in 2015 and, after Bangladesh, the second-largest (\$1.7 billion) in terms of IDA assistance (\$1.9 billion).

Water, sanitation and flood projects in India **received** the most World Bank funding (27%), followed by finance (19%), transportation (18%), education (11%), public administration and law (10%), agriculture (8%), health and social service (4%), information and communication (2%), and energy and mining (1%).

India received a loan of \$3.8 billion in 2015, the largest in the sub-continent, followed by China (\$1.8 billion) in East Asia and Pacific, Nigeria (\$1.5 billion) in Africa, Ukraine (\$1.3 billion) in Europe and Central Asia, Morocco (\$1.1 billion) in the Middle East and North Africa and Brazil (\$0.6 billion) in Latin America and the Caribbean region.

The undisbursed balance (loan/credit/grant amount still **available** ) from the World Bank for India was \$16.6 billion in 2015. Gross disbursements to India in 2015 were \$2.7 billion, with India repaying \$2.2 billion.

The World Bank and the government of India recently **signed** a \$50-million credit line for Nai Manzil, an educational and skills training programme for minorities, on December 30, 2015. The **project size** is \$100 million (Rs 650crore), of which half will come from the IDA and half from the union budget .

## The seeds of wrath

On January 18 last year, Nagarikanti Yellaiah went to his one-acre cotton field with a plastic bottle of insecticide. He was a young farmer from the Warangal district of Andhra Pradesh state in central India. He lay down and drank the organophosphate poison. It would have worked fast on the nervous system. Blurred vision would be followed by profuse sweating and vomiting. Death would have come painfully. His body was found in his failed crop, which was still being attacked by worms and caterpillars.

Twelve hours later, villagers found Bennala Venkateswarlu with a bottle of insecticide lying beside him. By April, 350 farmers had hanged themselves or drunk the poisons that had failed to save their crops. In the past 18 months, more than 500 farmers, more than half of them from the Warangal area, have killed themselves.

Warangal is cotton country, a dry, antique, semi-feudal landscape tilled for centuries by subsistence farmers. What is happening there is a life- and-death story being repeated all over India and the developing world, where the global economy is crashing against the local, and corporate ambitions are coming face to face with those of some of the poorest people in the world.

The Warangal farmers were growing conventional cotton, but in the next year or two they and millions of other Indian farmers will come under pressure to grow the latest genetically-modified crops. If they go down this route, it will, depending on whom you believe, either make them richer and help them farm better, or consign them to a life of debt. Multiply that across India and the stakes get enormous: political stability, wealth and food for all, or increasing malnutrition, a new colonisation and social chaos.

You'd never know Warangal has been in the thick of the battle over agrarian ideologies for more than a decade. It looks prosperous enough at harvest-time: fields full of people, convoys of oxen sedately hauling great stacks of cotton to the gins, colourful festivals. But any notion of a pre-lapsarian age of innocence is illusory. The work is

grinding, the financial rewards small and the pressures great.

Ten years ago, barely anyone in the state grew cotton exclusively. Most farmers collected their millet, pulse and oil seeds, and grew enough for themselves with a bit over for the local market. Seed has a powerful significance for most of India's 500 million farmers, representing inexhaustible continuity and renewal, the essence and means of life itself. Almost 80% of Indian seed, the best of each year's crop, is collected and replanted. Every stage of its development from germination to harvest is prayed for and celebrated. Saving seed, re-using and sharing it are fundamental freedoms.

That changed in the late 80s and early 90s, when pressure from the International Monetary Fund and its sister, the World Bank, encouraged India to open its heavily protected economy. In return for up to £90 billion in loans, it was made to dismantle its immense state-owned seed supply system, run down subsidies and public agriculture institutions, and give incentives for the growing of "cash crops" to earn foreign exchange.

The "Green Revolution" in the 70s turned India from the world's largest importer of food grains to a self-sufficient country by turning over a few large regions to industrial-scale farming. The revolution reached Warangal late. It came the companies with high-yielding cotton seeds, the pesticide makers and, because modern cotton farming needs pricey fertilisers and new hybrid seeds each year, the "arthies" or moneylenders. Several million farmers have in the past decade been persuaded by incentives, advertising and corporate promises to turn from traditional crops to cotton. Up to 60% of the state's cultivable land is now planted with "white gold".

For a few years, the Warangal farmers did well, but they had little warning that the world price of cotton could fall, that pests could build up resistance to the chemicals, and that the "hybrid" seeds they were sold were notoriously



unreliable and needed more water than traditional kinds. In one of the worst outbreaks of pests and disease in years, farmers were beset by all these disasters. All at the same time.

"Death was the final solution," says Rameka, whose husband drank insecticide after his seeds failed. He owed £50 to a moneylender. His gold-framed, fading portrait sits on a shelf next to the insecticide that he drank. She speaks softly, surrounded by her family and 20 other young farmers. "We had two acres and were growing cotton for four years. The first year was good, but he lost money since then. He borrowed to invest in a well," she says. She is now dependent on others for the rest of her life. Her brother-in-law struggles on. "The same will happen again. Everyone in every village is in bad debt."

"Almost all the suicides were because of debt following seed failure in one of the worst years for pests. Most were small farmers trapped by the pesticide- and seed-dealers, who are also the money-lenders, who get credit from the companies," says Vasuki Berlavadi, who works for a group representing 50,000 farmers. "The seeds can be bad. And the pesticides are often diluted by the people who sell them. Cotton is get-rich-quick farming, like gambling. Once people are in debt, they must go on growing it. If they don't pay their debts, they will commit suicide, too. It happens in a weak moment." India has one in four of the world's two billion farmers. For Mahatma Gandhi they were "the mother of the nation", and freedom from British cotton colonisation was a central argument for independence 50 years ago. Wearing "khadi", or hand-woven cotton cloth, was the resistance movement's symbol of opposition to British rule.

But Gandhi's vision of a decentralised, self-sufficient India is a folk memory now in the capital, New Delhi. The population has almost doubled since independence, the middle classes have burgeoned, and the mood in a politically-rudderless central government is for globalisation and for the state to leave food supply to the free market. The needs of business

and the cities dominate the social and political debate, and the young professionals want to reap a western harvest of cars, videos and mobile phones. There is no nostalgia for the closed economy their parents knew, and the once-revered Indian peasant farmer is now a shadow in the land.

But feeding India is vital for political stability. It is getting perilously difficult as the Green Revolution yellows at the edges, and ecological and social problems surface. Half India's cultivable land is now ecologically degraded, grain production is declining and farmers are turning to cash crops and away from the traditional ones that make up the bulk of the food eaten by the poorest. In the next 40 years, India may have to feed up to 400 million more people. Most will be desperately poor.

You see the hungry everywhere; up to 300 million people are below the official poverty line. Football-sized crowds gather for food handouts in Bombay. Destitute children beg for scraps. India may be officially "self-sufficient" in staple foods, have reserves, and even export food, yet there are reliable reports of pockets of starvation and severe malnutrition, even in major food-growing areas.

Food, says leading development economist Devinder Sharma, is about poverty. "India has more than enough to feed itself, but if its agriculture fails, everything fails. The small farmers are being forgotten."

Not altogether. The Metropolitan, in the Bombay suburbs, is a tall, dark office block housing the Indian HQs of some of the world's largest companies. Near the top, in guarded offices, is Monsanto. The \$12 billion US "life sciences" corporation declares it is working in the interests of all of India's farmers by introducing GM crops. Monsanto has been in India for 30 years, making herbicides like Machete and Roundup. But since it moved into genetic engineering and seeds under the slogan "Food, Health, Hope", it has expanded rapidly and is now set to become the most powerful force in Indian agriculture, moving into water supply and growth hormones for cattle.

In place of the publicly-controlled Green Revolution, Monsanto heralds the onset of a privately-led genetic revolution. And, in the aftermath of colonisation by the East India Company and the British empire, it and others are being accused of neo-colonisation. Monsanto's ambition for India is vast. Apart from paying \$20 million for the country's most-advanced genetic-engineering research centre, it has spent an estimated \$4 billion buying up some of its leading seed companies, or companies that have access to the Indian market - for instance, it acquired the foreign interests of giant US agribusiness Cargill, which in turn owned Rallis, a leading Indian seed supplier.

The acquisitions and joint ventures that have been set up, says Monsanto's president, Robert Shapiro, are part of its strategy of building "a global seed company" to deliver a wide variety of GM crops on all continents, many only growable with their own-brand pesticides. "We are aiming to consolidate the whole food chain," a Monsanto director told the Indian press last year.

You can walk into The Metropolitan and get an immediate audience with Monsanto. We meet Mark Wells, a young, relaxed Australian, one of three westerners in a 350-strong workforce. Wells is head of marketing, in daily contact with HQ chiefs in St Louis, Missouri. He says Monsanto is concerned about India, which is growing fast but running out of land to grow food. It will need new technologies and ecologically-sound "sustainable development" to survive, he says. "We are working in the interests of all India's farmers and consumers.

We have the technologies to reduce farmers' costs, increase their yields and reduce their need for pesticides," he says. He knows about the suicides in Warangal and argues that the tragedies would not have happened had they been growing GM crops that do not depend so much on pesticides and provide better yields. Monsanto, like other companies and the extensive but under-financed Indian public research institutions, is developing GM wheat, corn, sunflower, fruit

and vegetables, rice and grain. But its bridgehead into the vast Indian seed market is cotton. India is the largest world producer, cultivating more than nine million hectares; cotton earns almost a third of the nation's foreign exchange, employing more than a million farmers.

Monsanto's great white hope is "Bt cotton" (*Bacillus thuringiensis*), which is genetically engineered to resist bollworms, the worldwide bane of cotton farmers. Its patented "Bollgard" seeds have been growing in China and the US for several years, and the company says they reduce pesticide use by up to 60%, and increase yields up to 8% with a 30% net gain. You can see the attractions for farmers. Monsanto wanted to introduce Bollgard to India this year in a blaze of publicity, jingles, posters, ads and leaflets printed in many languages. It was pretty confident of success. It uses an international PR company and has heavily lobbied the policy-makers. It also sponsors leading sports competitions and links its name to religious celebrations such as Diwali, the Hindu new year, and the 300th anniversary of the Sikhs.

But with several hundred "field assistants" ready to demonstrate and sell the GM seeds, Monsanto was stopped late last year by Indian environmentalists who accused it of planting 40 GM cotton trial sites in five Indian states without the correct permissions or safety procedures. The company and the government maintain that everything was in order, but the commercial growing of Bt cotton was delayed for months pending a government hearing. At least one state has banned further trials.

All might be well in Monsanto's Bombay HQ, had not the corporation, in May last year, bought for \$1.2 billion Delta and Pine, a giant US seed company that dominated the US cotton market and that owned US patent No 5,723,765. Developed with the US government and military, this technology allows any seed to be genetically doctored to grow into a healthy plant but then to produce infertile seeds.

It was immediately dubbed "Terminator", or "suicide-technology". Whatever the original purpose of Delta and Pine, the attraction of the technology to Monsanto was obvious. Instead of the corporation having to police farmers at great cost to make sure they did not collect their patented GM seeds and sow them for next year's harvest, the plants would do the work themselves.

But in India, the very idea was dynamite. That farmers should not be able to replant seeds was inconceivable and offensive. Monsanto claimed it hadn't applied the technology to a single seed, that it was years away from commercial use, and that people had muddled their science. But the fact that it owned the patent - and that technology was to be developed in their Indian laboratories - outraged the nationalists, alarmed the Gandhians and Marxists, and boosted the grassroot farmers' and environmental movements. Amid widespread calls for the company to be thrown out, the government banned the technology (though there is doubt whether it will be allowed to under global trade rules). Meanwhile, farmers burned down five of Monsanto's GM cotton trial sites.

Wells of Monsanto blames the "hysteria" over Terminator on foreign environmentalists. "We would never do anything to upset India," he says. "We are working with the government to bring in products which are consistent with what India wants and its laws approve. We are doing nothing illegal or immoral. If we were, I wouldn't work here." He urges us to go to Madras to talk to Professor MS Swaminathan, the world's leading agricultural scientist and the "father of the Green Revolution". "He's balanced about GM", says Wells.

But first stop is Hyderabad. The Centre for Cellular and Molecular Biology is one of India's leading public science institutions, run by Professor Pushpa Bhatrgava. He has been at the front of Indian biotech research since the 50s. Thanks largely to him, India has some of the best biotechnologists in the developing world, and many of its public agricultural institutes are working on applications for India. He thinks

GM will change society, dramatically improving drugs, vaccines, plastics, food preservation, alcohol energy and agriculture.

Where Europeans are concerned about the safety, environmental and consumer implications of GM foods, the debate in India mostly centres on neo-colonialism - who owns and controls the technology - economic dependency and "food security". The best reason for India developing biotech, he says, is that, if it doesn't, "the country will be exploited by others in a way that history has not known before". He has warned for years of the consequences of India becoming "dependent on other countries for ideas, know-how and products".

And that, he believes, is happening now. "How do you dominate a country where 700 million people are directly dependent on farming? You infiltrate its agriculture. Who controls a country's food security controls that country. Monsanto is doing this. It only wants to make money. To do this, it wants to control the seed business. The days of direct colonisation are over; the days of indirect colonisation are not."

"If Monsanto sells its products in India, the price [of seeds] will go up, farmers will grow dependent. I am worried that Terminator technology will be introduced. It is a fiendish system in the hands of a company that manufactured Agent Orange, has been one of the US's most persistent polluters and is notoriously aggressive in its business dealings." Biotech in the lab or for medical research is one thing, he says. "There it can be contained. When it is in the open environment, it is very different."

He has written to government saying he believes that the failure of the seeds in Warangal has prepared the way for GM crops. He accuses the government of not being equipped to protect its citizens or its environment. "India is being taken for a ride," he concludes. There is ample evidence of India's resources being exploited by the west. Even as its natural wealth is eroded by development, deforestation and

pesticides, so pharmaceutical and biotech companies have been scouting for genetic material. The genetic codes for basmati rice, turmeric, black pepper, even cotton and the "sacred" neem tree, have now been patented by US companies. "Biopiracy is rife and international companies are receiving private ownership rights over Indian organisms and plants. It is offensive," says former nuclear physicist, environmentalist and chief thorn in Monsanto's side, Vandana Shiva.

She argues that GM crops threaten natural diversity, are culturally destructive, and that the benefits will go exclusively to the companies while the ecological and social costs will land on farmers. Genetic pollution, she considers, is inevitable: "They [GM crops] are the extension of the Green Revolution. If they are introduced by the large companies, the farmers will go further into debt, like the Warangal farmers. For Monsanto the bottom line is profit. For the farmers it is life or death." Like Monsanto, she, too, suggests we see Professor Swaminathan in Madras: "Yes, he's balanced. Go."

Monsanto and other GM companies have a vision for feeding India using "efficient", hi-tech seeds that produce high yields. It involves fewer people farming, is necessarily privately financed, centralised, corporate-controlled and ecologically monocultural. They argue that this is ecologically sound and socially responsible, because it increases farmers' wealth, makes farming less laborious and polluting, and gives people "choice".

Shiva and growing numbers of agriculturalists propose the diametric opposite - a system that is culturally suitable for India, proven, accessible, publicly-owned. They want investment in people, education and ecology, and the marriage of traditional farming with the best new research.

Could this "sustainable agriculture" be a real alternative, able to feed India? What Shiva and many researchers are recording, she says, is that traditional/ecological farming is far more efficient than anything the western GM companies

are offering. Just giving people ownership of the land can immediately improve production. This is confirmed by Professor Jules Pretty, a leading British agricultural academic. New research on 45 large African projects, he says, has found that ecological farming working with traditional knowledge has helped 750,000 farmers increase crop yields by an astonishing 50-100%.

One hundred miles from Bangalore, the Deccan Development Society is working in 40 villages with 8,000 of the poorest women, farming unforgiving, eroded land. The women have set up seed banks, introduced permaculture, learned about composting, inter-cropping, saving water, manuring and soil fertility. Many are learning the traditional Indian system of planting nine or more crops simultaneously, with each one protecting the others from pests and providing security in case some fail.

In a decade, they have doubled the number of crops they grow, made degraded lands productive, increased yields by 50% or more, and become self-reliant. Farms that barely earned £5 a season now earn £24, and pesticide use is declining. "There's more work in the villages, and there are health and nutrition benefits. The model can be copied anywhere," says one of the women who helps run the ecological school. She and everyone involved in the project are overwhelmingly against GM crops.

Sustainable farming is not perfect and not free. "Many people are still landless, the youth is idle," complain the older women. And the weather, which governs all farming, is unpredictable. "But life is better," says old Pedda. "We had forgotten much of what we knew. We were totally accountable to the landlords. Now we are independent." Governments, farming groups and western charities are knocking at their door. New movements of farmers and villagers, all virulently opposed to GM crops, are emerging on most continents. In India, many communities are setting up seed banks or gene pools. In March, hundreds of



organisations declared a "Bija Satyagraha", a new movement against the patenting of seeds.

"Operation Cremate Monsanto" is the idea of Professor Najundasmamy, a self-described "heretic Gandhian" who leads the Karnataka State Farmers (KRRS), which claims 10 million members. The professor, based in Bangalore, and the farmers have descended on two of Monsanto's Bt cotton test sites, cut them down and torched them, after paying the farmer compensation.

Monsanto dismisses the professor as an "opportunist", a "rabble rouser", and a man with no political support who wants only fame and money, but is worried by his promises to extend the campaign across India and has legal injunctions against him.

Now in his 60s, Professor Najundasmamy trained as a lawyer in Holland and was later elected a Karnataka state MP. He has a long history of opposing corporations, and promotes decentralisation of farming and politics. In the past six years, he has organised massive rallies against the Gatt (now the World Trade Organisation), and demonstrations against the Miss World competition and KFC and Pepsico for "perverting Indian culture". Famously, he got 6,000 farmers to laugh all day at the massive town hall in Bangalore for "subverting" democracy. The next week the government fell. But his main focus is on seeds. In 1994, KRRS farmers occupied and pulled down a Cargill seed factory. Najundasmamy intends to take to court the Indian branch of the company for last year selling 10 tons of sorghum seed which mostly failed, leaving, he claims, thousands of people destitute. Cargill denies liability but has offered to pay the farmers £25 per acre sown.

The professor wants punitive damages. Given the chance, he'd try the whole empire of western capitalism. "It is rotten, corrupt and is plundering the poor.". Who does he mean? "The World Trade Organisation, the World Bank, the European Round Table of Industrialists, the World Economic Forum, the International Chamber of Commerce, the IMF, the

G8, the Bretton Woods organisations" This month, he is in Europe with his latest brainchild, the Intercontinental Caravan: 500 farmers, many from Karnataka, are demonstrating against GM crops and the global financial system. This weekend, he will be leading protests at the G8 meeting in Cologne.

Not all farmers are so radical. Monsanto introduces us to vegetable-growers and pesticide-dealers who claim not to have heard of the professor and who trust the company and its herbicides implicitly.

And so to Madras and Professor Swaminathan. The professor's Centre for Research on Sustainable Agriculture is an ecological haven on the edge of a vilely polluted city. His office overflows with cups and citations to "a living legend". Swaminathan got his doctorate in genetics at Cambridge and, as a government research scientist in the 60s, showed that India could triple its production of wheat using different varieties, chemical fertilisers and pesticides. It did, and in a time of drought and famine, Swaminathan became a state hero.

There followed a career in pure biotech research. Now he's a semi-official sage, working with the poorest, courted by the UN and global foundations, and respected by everyone. "Agriculture is the only hope for India," he says. "We have 100 million farming families and most are in debt. In the next century we must produce more from less land. If nothing is done, India will move into chaos. We are already moving into social disintegration. The corporations are buying off peasant farmers who are becoming landless. People are moving to the slums."

Yet India's food capacity could increase dramatically with simple measures. Huge amounts are being lost because crops can't be stored properly or are being rejected for export because they are too polluted. Indian farming's greatest problems, he says, derive from the world trading system. "The World Trade Organisation is killing off the small producers, and accelerating greater inequality between the

rich and poor within and between countries. How can Indian farmers compete when for every dollar of incentives it gives its farmers, the US gives \$100,000?" The rich countries must come to grips with this "technological and economic apartheid".

The world has changed, he says, since the Green Revolution that he launched. "What is needed now isÉ" and he conjures a vision embracing the ideas of Vandana Shiva, Professor Najundaswamy and the people of the Deccan Development Society - to help the poorest realise their potential. He argues for a total rethink of India's farming policies to create more work and skills rather than concentrate on production, which throws farmers off the land. "The future must start with the small farmer and the women. We must go back to the Gandhian concept of production by the masses, though not of mass production." On reflection, he regrets the Green Revolution was not more ecologically or socially thought through.

So what about Monsanto and its green vision? It tried to enlist his support, and helps fund a chair in biodiversity at his institute. The professor pauses. "Ah, Monsanto. It has so much money . . . They came to me but the damage had been done. I told them to give information, not PR. When they buy the big seed companies, it creates the suspicion that agriculture is becoming proprietary, that science is not in the public good. We are afraid of these large companies. Ethics is important. They must have a commitment to poverty alleviation, not profit alone."

So are GM foods suitable for India. "Yes," he says. His institute is working on salt- tolerant GM rice varieties and other GM varieties. If developed, they will be available to everyone, for free. But his support for the technology is qualified and depends on strict control. "We mustn't throw the whole lot out," he says. "But we must give the poorest risk-free, affordable technology. It all depends on public science, and availability." We return to Bangalore, drop in on Cargill's to ask them about the seeds that failed. It is a short

meeting, with a nervous executive trying to reach Mark Wells of Monsanto. It ends with us being thrown out by security guards after trying to photograph Cargill's mission statement, engraved in black marble and hung on a wall.

But Wells is on his way from Delhi to Bangalore. He arrives after 11pm, speedy, wants to meet, has 15 minutes. "How did the trip go, John?"

"Fine, Mark."

"Great."

"What about those seeds? Are you trying to make Indian farmers destitute so you can sell GM crops?"

"That's crazy. It was a fuck-up. There was no reason for us to pay anything. It was an entirely normal agricultural situation. You're dealing with an unpredictable biological system. Crop failures are very common in India. Farmers have to reseed a lot."

"Are you are trying to monopolise Indian agriculture?"

"There's no way one company could have anything near that influence."

"Will farmers become dependent on you?"

"They can choose what to grow."

"Will GM be good for the small farmer?"

"It works in America."

"What do you think the social effects of introducing GM foods in India will be?"

"We can't predict anything, but I don't think it will have a great effect at all."

"Could it lead to more hunger?"

"I've heard the arguments. It's populist publicity. Think about what we're trying to do: reduce costs, increase yields."

"In whose interests are you working?"

"That's for people to make their own judgment."

## Vandana Shiva on Farmer Suicides, the U.S.-India Nuclear Deal, Wal-Mart

# in India and More

We speak with world-renowned environmental leader and thinker, Vandana Shiva. A physicist and ecologist, Shiva is author of many books; her latest is "Earth Democracy: Justice, Sustainability, and Peace." [includes rush transcript]

In India, more than 300 farmers climbed water tanks in the country's central Vidarbha region, many of them threatening to commit suicide unless the government fulfilled their demands to lift them out of poverty. Throughout India, more and more troubled farmers are killing themselves. Up to three farmers a day swallow pesticides, hang themselves from trees, drown themselves in rivers, set themselves on fire or jump down wells. Many of them are plagued by debt, poor crops and hopelessness.

**AMY GOODMAN:** Vandana Shiva remains with us, physicist; ecologist; director of the Research Foundation on Science, Technology and Ecology; in '93, awarded the Alternative Nobel Peace Prize, the Right Livelihood Award; her latest book, *Earth Democracy: Justice, Sustainability, and Peace*. There is an epidemic you write about in India of farmer suicides. Can you explain what's happening and where this is happening?

**VANDANA SHIVA:** Indian farmers have never committed suicide on a large scale. It's something totally new. It's linked to the last decade of globalization, trade liberalization under a corporate-driven economy. The seed sector was liberalized to allow corporations like Cargill and Monsanto to sell unregulated, untested seed. They began with hybrids, which can't be saved, and moved on to genetically engineered Bt cotton. The cotton belt is where the suicides are taking place on a very, very large scale. It is the suicide belt of India.

And the high cost of seed is linked to high cost of chemicals, because these seeds need chemicals. In addition, these

costly seeds need to be bought every year, because their very design is to make seeds nonrenewable, seed that isn't renewable by its very nature, but whether it's through patenting systems, intellectual property rights or technologically through hybridization, nonrenewable seed is being sold to farmers so they must buy every year.

There's a case going on in the Supreme Court of India right now on the monopoly practices of Monsanto. An antitrust court ruled against Monsanto, because the price is so high, farmers necessarily get into a debt trap, which is why I was talking about credit, for the wrong thing, could actually be a problem and not a solution.

In addition, the price of cotton is collapsing under the huge \$4 billion subsidies given to agribusiness in the United States, which then dumps cotton on a world market with 50 percent reduction of price artificially. This is what led to the Cancun failure of WTO, but this is what is killing Indian farmers. Just three days ago, farmers were protesting against the low prices of cotton. They went to the government agency, which before globalization used to buy cotton at a fair price. One farmer was shot dead. So we're not just seeing suicides, we're also seeing farmers' protests treated as a new threat to the regime.

**AMY GOODMAN:** These descriptions of desperation, up to three farmers a day swallow pesticides, hang themselves from trees, drown themselves in rivers, set themselves on fire, or jump down wells, many of them plagued by debt, poor crops and hopelessness?

**VANDANA SHIVA:** Ninety percent of the farmer suicides — we've studied it. Every year we bring out a report called "Seeds of Suicide." We started the first report in '97, which was the first suicide in the district of Warangal in Andhra Pradesh. Andhra Pradesh —

**AMY GOODMAN:** Where is it in India?

**VANDANA SHIVA:** Andhra Pradesh is kind of southern India. But Andhra Pradesh had a government that responded, and that's the government that took Monsanto to court. Vidarbha in Maharashtra has emerged as the epicenter. This is where the prime minister visited, because the suicide issue had become so intense. Unfortunately, the prime minister offered exactly the same package, more of the same, as a solution. Included in this package is a 20 billion rupee seed replacement package, which means what seed farmers have gets further destroyed, so they have no renewable seed, no affordable seed. They must buy on the market every year. Farmer suicides in Vidarbha are now eight per day.

A few weeks ago, I was in Punjab. Two thousand eight hundred widows of farmer suicides who have lost their land are having to bring up children as landless workers on others' land. And yet, the system does not respond to it, because there's only one response: Get Monsanto out of the seed sector — they are part of this genocide — and ensure WTO rules are not bringing down the prices of agricultural produce in the United States, in Canada, in India, and allow trade to be honest. I don't think we need to talk about free

trade and fair trade. We need to talk about honest trade. Today's trade system, especially in agriculture, is dishonest, and dishonesty has become a war against farmers. It's become a genocide.

**AMY GOODMAN:** Can you talk about the water tower protests?

**VANDANA SHIVA:** In the state of Rajasthan, which is the capital of the production of mustard — and mustard in India is very symbolic. It's the color of our spring. When spring comes, we dress in the yellow of the mustard flower. It's our staple oil, and we love the pungency of it.

1998, Monsanto and Cargill managed to get a ban on indigenous oils in order to create a market for soya oil, something we've never eaten before. We led a movement of women to bring back the mustard. But today, 70 percent of the oil India is eating, edible oil — and India was the capital of edible oil production — mustard, sesame, linseed, coconut, wonderful healthy oils — today, 70 percent of our edible oil market is soya oil dumped on us, palm oil dumped on us. And, as you know, today soya is being cultivated in cutting the Amazon, and palm oil is being cultivated cutting the rain forest of Borneo.

When the farmers can't sell their mustard — nobody's buying it — they've had protests. Twelve farmers were killed in central India. And there was a farmer who climbed onto the water tower a few months ago, mimicking a Bollywood



film, but basically saying he would jump to suicide if the farmer's mustard was not bought. This hijacking of the market for agriculture by a handful of agribusiness, which is what the rules of WTO are — the Agreement on Agriculture is basically putting all of agriculture into the hands of ADM, ConAgra and Cargill, and all the seed sector into the hands of Monsanto — it must necessarily destroy more and more farms, more and more farming, and push more farmers to suicide for a while, unless we get a change.

We work for the change, and our work in Navdanya shows that farmers can double their incomes by using their own seeds, doing organic farming. All they need is a joining of hands with urban consumers and definitely a change in the rules of trade, which have treated the rights of Cargill as fundamental rights.

And something Americans don't know much about, the nuclear deal with India has a twin agreement, and that twin agreement is on agriculture. It's called the Knowledge Initiative on Agriculture, and on the board of this agreement are Monsanto, ADM and Wal-Mart. So a grab of the seed sector by Monsanto, of the trade sector by the giant agribusiness, and the retail sector, which is 400 million people in India, by Wal-Mart. These are issues that are preoccupying us for about democracy in India right now.

**AMY GOODMAN:** Vandana Shiva, I want to go back to that deal that just was announced this weekend, surprised some. The U.S. will send nuclear fuel shipments for civilian use, critics saying it will allow India to use its existing nuclear fuel to build up to 50 nuclear weapons. And then I want to

ask you to expand on this corollary that we definitely didn't know about.

**VANDANA SHIVA:** You know, the nuclear deal with India, in fact, shows the double standards of U.S. nuclear policy, because for the same things that Iran does — Iran is axis of evil — but India here, through this nuclear agreement, is being told, we will separate civilian use and military use. Military use will be India's sovereign decision. I don't think it will be India's sovereign decision, because I think in this deal is a strategic use of India for Asia, for a containment for China. But in addition to that, there is turning India into a nuclear market: a sale of nuclear technologies, of nuclear fuel.

And I think we need to contextualize this in the context of the climate debates. Climate change has made us recognize that we can't keep messing up the atmosphere and pumping more carbon dioxide. But nuclear doesn't become clean automatically just because carbon dioxide has destabilized the climate. Nuclear is being offered as a clean development mechanism. And not only will it spread nuclear risks and hazards in India, it will also allow corporations, like General Electric and others who pollute with carbon dioxide, as well as them, get quotas through emissions trading and markets for nuclear technology.

You know, I was a nuclear physicist. I left my career in 1972. I was training to be a nuclear physicist in India's atomic energy program in the Bhabha Atomic Research Centre, and I left because I realized very clearly nuclear power, as much as nuclear war, are systems where you cannot have

democracy. They're inconsistent with democracy. And I love democracy too much. So I went on to do theoretical physics.

**AMY GOODMAN:** So explain further this corollary that involves these other large multinational corporations. And why is it part of the nuclear deal?

**VANDANA SHIVA:** Well, two days ago the U.S. representative — I think it's Mr. Burns who announced that the nuclear deal is the cutting edge, but what the United States is really seeking is agricultural markets and real estate markets, the land of the poor in India. And if you look at cities like Bombay, you look at cities like Delhi, you look at cities like Bangalore, they're exploding because there's this global hungry finance moving in to take over the land of people, not through a market mechanism, but using the state and an old colonial law of land acquisition to grab the land by force everywhere where this is happening. There is a war going on, outside Delhi in Dadri, outside Calcutta in Singur, everywhere. Peasants are being shot and killed in order to take away the last resort and the last asset of the poor.

The agreements, nuclear and agricultural agreements, came out of a July visit of our prime minister in 2005, were then moved forward in the March visit of President Bush to India, which saw huge protests, by the way — I'm sure it wasn't covered — but huge protests, where these deals, as well as the Iraq War, were the issue in India. And the two are twin programs. They are twin programs about a market grab and a security alignment.

**AMY GOODMAN:** You mentioned Wal-Mart. They have just announced they're going to be opening 500 stores in India, the first to open in August of 2007.

**VANDANA SHIVA:** We've been organizing the unorganized retail sector of India. The retail sector of India, to me, is the ultimate practice of democracy. When you go into a tiny vegetable market, the women put out their mats, they've brought the tomatoes they've grown outside the city, put it down, maybe five kilos of tomatoes, sell it for the day, go back home, feed their children. It's a community market, 400 people dependent on retail, 14 million people dependent on little hawking, you know, a tiny moveable cart, which goes door-to-door. Ninety percent of our vegetables come to our doorstep. We don't have to go anywhere.

Wal-Mart's entry into India, 500 stores, cannot go hand-in-hand with the giant retail economy of India, which is giant not by being one big store, but by having millions of small sellers. And that is what has created the vibrance of India's markets, the democracy in India's markets.

**AMY GOODMAN:** We're going to have to leave it there. I want to thank you very much, Vandana Shiva, for joining us. Her new book is *Earth Democracy: Justice, Sustainability, and Peace*.

# The Gujarat Model Of Development: What Would It Do To The Indian Economy?

The cornerstone of Modi's and the BJP's campaign for the 2014 Lok Sabha elections is that the UPA has ruined the Indian economy and the BJP led by Modi will make it boom. These claims have been reinforced by corporate adulation for Modi in his 'Vibrant Gujarat' summits [1] and surveys showing that almost 75% of top corporate CEOs want him to be the PM [2]. How valid are these claims?

## **The UPA's performance**

The economic reforms initiated by the Congress government in the 1990s raised the GDP growth rate from an average of around 3.5% per annum since Independence to more than 9% between 2005-06 and 2007-08 [3], before dropping to 6.7% in 2008-2009 as a result of the global crisis [4]. Global competition forced manufacturers of products like electrical and electronic goods to improve the quality and reduce the prices of their products. Computers, internet access and mobile phones became much more widely available.

However, neoliberal policies that were part of the changes had serious negative consequences. Privatisation was in many cases accompanied by massive corruption (e.g. the CWG and 2G scams), as politicians and bureaucrats received kickbacks from the corporates they favoured. In other cases, even if there were no kickbacks, lack of adequate regulation allowed corporates to make windfall profits, while public sector banks offered them generous loans without exercising due diligence. The campaign by industrialists for the abolition of protective labour laws reached a crescendo during the NDA regime. It stopped when the UPA came to power, but the anti-labour atmosphere had already influenced state labour departments and even the judiciary to such a degree that workers struggling for their rights were seldom successful.

The result of these trends was a huge increase in inequality. At the top, a few capitalists became dollar billionaires, joining the global rich. Just below them, 10-15% of the population became a prosperous middle class. But for the vast majority there was no improvement. Between the top and the bottom there was an unbridgeable gulf.

These developments were not peculiar to India . A wave of neoliberalism was sweeping through the world. What does this mean? The only interest of most capitalists is to maximise their profits regardless of the damage they do to the economy. If reducing wages below subsistence and destroying the environment boosts profits, so be it; if gambling with worthless derivatives promises trillions, then go for it. If privatisation of public utilities like electricity and water offers huge profits to a few, then that is the way to go, even if it reduces the profits of many others and imposes an intolerable burden on non-corporate users. But normally the state, even if it supports capitalism, takes a broader view. It may regulate the banking sector so that it is not threatened with collapse if risky investments go wrong. It may nationalise railways and public utilities so as to reduce costs for all capitalists. It may even invest in health and education in the interests of a better labour force.

The peculiarity of a neoliberal regime is that the state takes the standpoint of individual capitalists and allows them to do what they want rather than protecting the system as a whole. The corruption unleashed by this regime in countries like the US has been phenomenal. Mortgage providers ramped up the housing market to astronomical levels by offering large mortgages to buyers who would never be able to pay them back. Investment banks then 'bundled toxic mortgages into complex financial instruments, got credit rating agencies to rate them as AAA securities, and sold them to investors, magnifying and spreading risk throughout the financial system, and all too often betting against the instruments they sold...' [5]. The outcome was the global crisis of 2008, resulting in millions of homes, jobs and pensions lost on one side, while on the other side gigantic fortunes were made. Years later, some of these banks were penalised, but their CEOs were not [6]. Credit rating agencies too came under fire for giving triple-A ratings to junk; Standard & Poors even faced a civil suit [7]. Yet they too remained in operation.

This background is important in understanding what has been happening in the Indian economy. The global crisis hit all countries across the world. India , because its economy was not fully neoliberalised, did better than most. Its relatively well-regulated banking sector survived, though not unscathed: generous loans given to corporates like Kingfisher Airlines without proper scrutiny of their ability to repay piled up on the balance-sheets of the banks as non-performing assets [8]. This has justifiably been seen as collusion between bank managements and corporates to rob the public of over 3 lakh crores over the past two years [9]. The Finance Ministry and Reserve Bank acknowledged the scale of the problem in November 2013, and pledged to take steps to deal with it [10]. Recession and austerity in developed countries hit exports from India , which in turn hit employment, reducing wage expenditure and demand. Paradoxically NREGA, which had been initiated before the crisis, acted as a stimulus package, creating employment, helping to raise agricultural wages and preventing the collapse of rural spending power. But the middle classes, who had been doing so well before the crisis, saw their future and the future of their children threatened.

The net result in India has been a slow-down in economic growth and high rates of inflation, which are causes for concern but not nearly as catastrophic as the slow-down in developed countries. According to Shankar Sharma, a director at one of India 's leading investment brokers, First Global, ' India 's current economic management is inarguably the best that we have... In the last nine

years, India has grown at about seven and a half percent compounded. But more importantly, in this ten years, debt to GDP has come down from 91 percent to 67 percent' [11]. APCO Worldwide agrees with this assessment of the UPA's economic performance: ' India today is a trillion-dollar market with an enviable rate of GDP growth. India 's economy is fueled by the combination of a large services sector, a strong and diversified manufacturing base and a significant agricultural sector that continues to provide a framework for the growth of the domestic economy. The country's resilience in weathering the recent global downturn and financial crisis has made governments, policy-makers, economists, corporate houses and fund managers believe that India can play a significant role in the recovery of the global economy in the months and years ahead' [12].

This is a very different picture from the constant BJP blitzkrieg blaring the allegation that the UPA has made a mess of India 's economy. Given that APCO is the PR firm hired by the state government of Gujarat from 2009 to 2013 at a reported cost of \$ 25,000 a month to promote Modi's Vibrant Gujarat [13], it can hardly be accused of pro-Congress bias. Moreover, while rampant corruption during the UPA regime is undeniable, it also enacted the Right to Information (RTI) Act, which played a considerable role in exposing corruption. If the BJP's anti-UPA propaganda is economical with the truth, what about its pro-Gujarat propaganda?

### **Corruption, poverty and pollution in Vibrant Gujarat**

The average GDP growth rate in Gujarat over the past ten years has been above the national average, but in line with the growth rates of comparable large states like Maharashtra , Tamil Nadu and Delhi [14]. Gujarat's growth has been achieved at the cost of handing over complete control over the economy to corporates, and wholesale privatisation: 'Key sectors – traditionally held to be the preserve of the state – such as ports, roads, rail and power have been handed over to corporate capital. This has meant, inevitably, that *the government has abdicated all decision making powers, as well as functional and financial control over such projects. Nowhere else in the country has this abdication of responsibility been so total, nowhere else has the state given over the economy so entirely to the corporates and private investors* '. Infrastructure and access to water and electricity favour industry over agriculture and individual consumers. Employment growth in manufacturing and services turned negative in the last five years, and even prior to that was concentrated in the informal sector [15].

The Modi administration's largesse to corporates can be judged by two examples. One is the staggering subsidies offered to Tata for its Nano plant and other projects. Against an investment of 2900 crores, Tata received a loan of 9570 crores at 0.1% interest, to be paid back on a monthly basis after 20 years, in addition to land at much below market rates, with stamp duty, registration charges and electricity paid for by the state. Tax breaks mean that the people of Gujarat will not be getting any of this money back in the near future [16]. All the rules were bent to provide Adani with a power supply contract costing the state of Gujarat an excess Rs 23,625 crores over 25 years

[17], and other companies, including Reliance Industries and Essar Steel, were extended similar favours [18]. So when these companies praise Modi to the skies [1], support his candidature for PM [2], use the media they own to promote Modi and silence criticism of him [19], and put their aircraft at his disposal [20], this is merely quid pro quo.

Any objective definition of 'corruption' would include such activities. The scale of corruption in Gujarat is stupendous, and those who campaign against it have not fared well. With only 5% of India 's population, 22% of the murders and 20% of the assaults of RTI activists in recent years have occurred in Gujarat , which has only two RTI Commissioners compared to eight in Maharashtra and nine in Tamil Nadu [21]. The post of Lokayukta (corruption watchdog) was not filled for ten years since 2003. When the Governor and Chief Justice of the High Court selected Justice R. A. Mehta for the post in 2011, as they were empowered to do according to the Gujarat Lokayukta Act, Modi fought tooth and nail against the appointment, reportedly spending Rs 45 crores to challenge it all the way up to the Supreme Court. Even after the Supreme Court had upheld the appointment, the state government refused to cooperate with Mehta, leading him to decline the position [22]. Subsequently the state government amended the Lokayukta Act to make it a toothless body under the control of the very government whose corruption it was supposed to monitor [23]! Apparently Modi learned a lesson from the fate of his friend Yedyurappa, former BJP Chief Minister of Karnataka, who was forced to resign due to corruption charges against him initiated by the Karnataka Lokayukta [24], and resolved never to give any Lokayukta the opportunity to do the same to him.

The ordinary people of Gujarat have paid a heavy price for its economic growth. Gujarat has one of the highest poverty levels of all the Indian states. Huge swathes of land allocated to corporates have displaced lakhs of farmers, fishermen, pastoralists, agricultural workers, Dalits and Adivasis. During Modi's tenure, 16,000 workers, farmers and farm labourers had committed suicide due to economic distress by 2011 [25]. Gujarat has the highest prevalence of hunger and lowest human development indices among states with comparable per capita income, its implementation of NREGA is the worst among large states, and Muslims, 'in particular, fare poorly on parameters of poverty, hunger, education and vulnerability on security issues' [26]. Refuting Modi's claim that the high level of malnutrition in Gujarat is a consequence of vegetarianism and figure-consciousness, an eminent scholar has pointed out that the real reasons are extremely low wage rates, malfunctioning of nutrition schemes, lack of potable water supplies, and lack of sanitation: the state ranks 10 th in the use of toilets, with more than 65% of households defecating in the open, with resulting high levels of jaundice, diarrhoea, malaria and other diseases [27]. Uncontrolled pollution has destroyed the livelihoods of farmers and fishermen, and subjected the local populations to skin diseases, asthma, TB, cancer and death [28].

Contrary to the myth that Gujarat is a powerhouse attracting large FDI inflows, in 2012-13 its share in FDI was a meagre 2.38%, ranked 6 th , compared to Maharashtra 's 39.4% [29]. Most damning of all, for a state that purports to provide a template for the whole country's economy, is the Modi government's 'lack of financial discipline. The Gujarat growth pattern relies on indebtedness. The state's debt increased from Rs 45,301 crore in 2002 to Rs. 1,38,978 crore in 2013... In terms of per capita indebtedness, the situation is even more



worrying, given the size of the state: each Gujarati carries a debt of Rs 23,163 if the population is taken to be 60 million' [30].

The Gujarat economic model is a more extreme version of neoliberalism than the version practised by the UPA, which retains elements of regulation and social welfare. This is clearly the reason why the majority of CEOs want him to be the PM. It bothers them that the policy of endless credit from public sector banks has come under scrutiny by the UPA, and billionaires like Sahara boss Subrata Roy can be arrested for robbing small investors of Rs 20,000 crores [31]. They look forward to a Modi regime where they can continue to loot the public unhindered by regulations, where small concessions to working people like NREGA and the Food Security Act can be shelved, and the NDA's old programme of scrapping protective labour legislation can finally be realised. Importers of gold and other luxury consumption goods can't wait to have a PM who is clueless about technicalities like current account deficits and fiscal deficits and would allow the whole country to become as indebted as Gujarat is today [32]. It is also instructive that the very same ratings agencies and investment banks indicted for making trillions by bringing down the US economy and causing a global crisis (see [5] and [7]) have been busy downgrading the UPA economy [33] and batting for Modi [34]. All these firms, Indian and international, would be least bothered if the Indian economy were to crash; they would have parked their profits elsewhere by then.

Modi's policies are exactly the same as those which destroyed the economy of the US, the richest country in the world, resulting in the global crisis: wholesale privatisation and deregulation, extreme disparities in wealth, and unsustainable indebtedness. And they would have the same results in India, such as massive job losses, and worse. The US dollar has maintained much of its value because it is a global reserve currency, and other countries buy it in order to maintain their currency reserves. The Indian rupee is not a global reserve currency, and there is nothing to stop it from plummeting due to the rising deficits, leading to runaway inflation many times worse than India has ever experienced. Ironically, it is the same sections of the middle class who look to Modi as their saviour who would be hardest hit, because they have so much more to lose than the poor, who would also be hit.

Perhaps Modi would leave the economy to be handled by others in the BJP, but who is competent to do it? Yashwant Sinha, the finance minister during the NDA regime, does not exactly inspire confidence. 'In 1990, Sinha was finance minister in the government of Chandrashekhar, when the bottom fell out of the Indian economy. The government's policy response then was to ship all the gold in the Reserve Bank of India's vaults off to the Bank of England as collateral for a loan... In 1998, by a peculiar coincidence, Sinha was again finance minister, this time in the BJP-led NDA coalition government... In March 2001, soon after Sinha presented his Budget, India experienced one of its worst market crashes: about \$32 billion worth of market capitalisation was wiped out that month... In the NDA era, a little less than \$4 billion entered India each year on average. Under the UPA, this number stands at a little less than \$25 billion, more than six times the NDA average' [35]. According to investment broker Shankar Sharma, 'The BJP is the only mainstream political party that has no economist. And the BJP rule between 1999 and 2004 had the worst nominal GDP growth in the last 30 years in India, the worst by far. They ran the country into a huge debt trap. India's debt to GDP ratio went from about 78 percent in 1999 to 91

percent by 2004. So again, whatever GDP growth the BJP delivered in those five years, the growth was with very high debt' [11].

At a time of downturn and global crisis, putting India 's economy in the hands of a party that has no competent economist is tantamount to economic suicide. In accordance with their-frog-in-the-well perspective, Modi and the BJP never mention the global crisis or inquire into its causes. Anyone who takes the trouble to do so would realise that the 'medicine' they prescribe for the economy, which is suffering from slow poisoning by neoliberalism, is a lethal dose of the same poison.

### **Do the Left parties and the Aam Aadmi Party offer viable alternatives?**

The Left parties failed to deliver a better model of development during more than thirty years in power in West Bengal , culminating in the Nandigram and Singur violence [36]. The Paschim Banga Khet Mazoor Samity had been demanding a rural employment guarantee scheme for decades, but the Left Front government refused even to consider it until NREGA was enacted by the UPA. The lack of an alternative was demonstrated most starkly over the issue of FDI in multibrand retail, where they formed a united front with the NDA to oppose it [37] rather than thinking of anything more principled and imaginative like forming consumer cooperatives which draw in street vendors. The failure of the Left parties to offer any economic alternative is particularly disappointing because they do have a critique of neoliberalism, and can at least be counted on to oppose the wholesale privatisation and deregulation of the economy or attempts to scrap protective labour legislation and welfare schemes.

AAP has a one-point economic programme: eliminating corruption. Their Jan Lokpal Bill, through which they hope to achieve this, sees all corruption as emanating from the state, and affecting only corporates that have a relationship with the state: a view entirely compatible with neoliberal World Bank anti-corruption programmes [38]. Its economic model is neoliberalism purged of corruption and 'crony capitalism'. This comes through in their recent speeches. Privatisation is good, because 'Government has no business doing business, it only has to govern. Business should all be held by the private sector,' according to Arvind Kejriwal, who made a point of saying that the party disagreed with the economic views of Prashant Bhushan, the left-wing face of AAP [39]. AAP objects to industrialists like the Ambanis getting favoured treatment, but former banker Meera Sanyal clarified that they want to create the conditions in which *all* 'hard working entrepreneurial, highly innovative people can feed themselves and their families', suggesting that the state would help all capitalists equally [40]. Yogendra Yadav said that 'Food subsidies should not be provided,' and that the party stands for 'clean politics, pro-business deregulation, non-interference of the state and not to serve the interests of crony capitalists' [41].

This economic model is as neoliberal as Modi's and more neoliberal than the UPA model, which still has elements of regulation and social justice. It offers nothing to workers and the poor, and would do nothing to reduce inequality.

With their exclusive focus on an extremely narrow definition of corruption, AAP ignores the underlying disease of which it is a symptom – extreme inequality resulting from neoliberalism – and their policies would in fact exacerbate the basic problem. In theory, their model would be free of 'crony capitalism', but whether AAP can actually eliminate corruption is questionable, given that much of the corruption during the UPA regime has been the consequence of pro-business deregulation. Finally, their government's grant of electricity subsidies to supporters who had not paid their bills but not to non-supporters who had paid their bills (subsequently stayed by the High Court) [42] sounds suspiciously like quid pro quo: you vote for us, we give you subsidies.

## **Conclusion**

For years the BJP, Modi, the corporates which support him and the media they control have bombarded us relentlessly with propaganda and lies about the mess that the UPA has made of the economy and the shining success of 'vibrant Gujarat'. In reality, we find that the UPA regime suffers from the same problems as other neoliberal regimes and has done better than most, while Modi's policies would have catastrophic consequences for the Indian economy. AAP's policies would not be much better: they would benefit a wider layer of entrepreneurs – say 3-5% of the population compared with Modi's 0.1% – but scrapping food subsidies would make the poor poorer, so inequality would be greater than under the UPA. The UPA and Left parties seem to be the best of a bad lot so far as economic policy is concerned.

Does this mean that there is no better alternative to current policies? Far from it. Perhaps before the next Lok Sabha elections we will have a party opposing sops and subsidies to the rich, loss of lives and livelihoods due to expensive, dangerous and polluting nuclear power plants and weapons, the privatisation of public utilities, education and health care, and much more. A party which would stand for reducing inequality through (1) raising wages by protecting the right of all employees, regardless of their place of work or employment status, to unionise and bargain collectively without fear of victimisation; (2) putting in place a comprehensive system of progressive taxation to help fund the provision of education, health care and social security for all; and (3) creating employment through various measures such as (a) shortening statutory working hours to 40 per week and enforcing this measure; (b) expanding NREGA and including new projects such as water harvesting and rural electrification through small renewable energy projects; and (c) supporting the formation of workers' cooperatives in agriculture, industry and services. Until then, mass movements have to continue fighting for such goals.

Those who think these goals belong to an obsolete left-wing economic model would do well to listen to Christine Lagarde: 'Let me be frank: in the past, economists have underestimated the importance of inequality. They have focused on economic growth, on the size of the pie rather than its distribution. Today, we are more keenly aware of the damage done by inequality. Put simply, a severely skewed income distribution harms the pace and sustainability of growth over the longer term. It leads to an economy of exclusion, and a wasteland of discarded potential' [43]. These are not the words of a left-winger but of the head of the International Monetary Fund, the financial institution which, along with the World Bank, has done the most to impose neoliberal

policies on the world. If she can see the writing on the wall for neoliberalism, it is high time that policy-makers and the public in India followed suit.

## References

- [1] <http://timesofindia.indiatimes.com/business/india-business/Vibrant-Gujarat-Summit-2013-Anil-Ambani-compares-Narendra-Modi-to-Gandhi-Sardar-Patel/articleshow/17981496.cms>
- [2] <http://profit.ndtv.com/news/politics/article-poll-shows-top-ceos-prefer-modi-to-rahul-as-pm-report-326803>
- [3] [http://planningcommission.gov.in/data/datatable/1705/final\\_1.pdf](http://planningcommission.gov.in/data/datatable/1705/final_1.pdf)
- [4] [http://commerce.nic.in/publications/anualreport\\_chapter3-2009-10.asp](http://commerce.nic.in/publications/anualreport_chapter3-2009-10.asp)
- [5] <http://documents.nytimes.com/goldman-sachs-internal-emails>
- [6] <http://www.independent.co.uk/news/world/americas/jpmorgan-and-us-justice-department-to-reach-13-billion-settlement-8948577.html>
- [7] <http://www.cfr.org/financial-crises/credit-rating-controversy/p22328>
- [8] <http://www.livemint.com/Opinion/pjWpQlefz7FW0xBolWex6L/Who-pays-when-Indias-billionaires-dont-go-bust.html>
- [9] <http://www.millenniumpost.in/NewsContent.aspx?NID=45497>
- [10] <http://www.financialexpress.com/news/raghuram-rajan-warns-bankers-can-put-lipstick-on-a-pig-but-it-doesnt-become-a-princess/1195445/0>
- [11] <http://www.globalpost.com/dispatch/news/regions/asia-pacific/india/131108/india-here-s-what-goldman-sachs-missed-its-controver>

[12]

[http://www.apcoworldwide.com/content/Locations/asia/new\\_delhi\\_mumbai.aspx#more](http://www.apcoworldwide.com/content/Locations/asia/new_delhi_mumbai.aspx#more)

[13]

[http://articles.economictimes.indiatimes.com/2012-12-09/news/35689601\\_1\\_apco-worldwide-vibrant-gujarat-niira-radia](http://articles.economictimes.indiatimes.com/2012-12-09/news/35689601_1_apco-worldwide-vibrant-gujarat-niira-radia)

[14]

<http://centreforindia.wordpress.com/2013/09/30/how-significant-or-substantial-are-the-claims-of-modi-supporters-frequently-quoted-modis-achievement-pointwise-in-facebook/>

[15]

<http://kafila.org/2013/05/23/gujarat-and-the-illusion-of-development-shipra-nigam/>

[16]

<http://m.financialexpress.com/news/modi-orders-inquiry-into-nano-mou-note/383964/>

[17]

<http://gulail.com/adani-modi-nexus-to-result-in-loss-of-rs-23625-crore-to-gujarat-in-one-deal-alone/>

[18]

<http://www.tehelka.com/gujarat-psus-gave-undue-benefits-to-business-houses-cag/>

[19]

<http://scroll.in/article/why-cnn-ibns-sagarika-ghose-can-no-longer-criticise-modi?id=655950>

[20]

<http://www.truthofgujarat.com/official-airlines-narendra-modi-adani-airlines/>

[21]

<http://blogs.timesofindia.indiatimes.com/the-real-truth/entry/encounter-killings-of-rti-activists-gujarat-tops-charts>

[22]

<http://www.hindustantimes.com/india-news/gujarat-lokayukta-quits-slams-modi-govt/article1-1104467.aspx>

[23]

<http://www.frontline.in/the-nation/locking-horns/article5236547.ece#.UmPdb-cySEI.gmail>

[24] <http://www.tribuneindia.com/2011/20111016/main1.htm>

[25] <http://www.ahmedabadmirror.com/article/78/2011032820110328032129511f285d544/Whose-Gujarat-is-vibrant.html>

[26] <http://salehshariff.blogspot.in/2011/05/gujarat-shining-story.html>

[27] <http://www.thehindu.com/opinion/op-ed/not-vegetarianism-or-dieting-mr-modi/article3939379.ece>

[28] <http://www.outlookindia.com/article.aspx?289276#.UuN9mOAdjFA.gmail>

[29] <http://www.dnaindia.com/ahmedabad/report-gujarat-share-in-fdi-slips-to-238-6th-rank-1821712>

[30] <http://archive.indianexpress.com/news/no-model-state/1165249/0>

[31] <http://www.hindustantimes.com/india-news/sahara-chief-subrata-roy-faces-supreme-court/article1-1190678.aspx>

[32] <http://www.ndtv.com/article/india/chidambaram-taunts-narendra-modi-on-first-lesson-in-economics-452791>

[33] <http://indiatoday.intoday.in/story/standard-and-poor-warns-india-could-lose-investment-grade-rating/1/200269.html>

[34] <http://www.moneycharts.co.in/2013/11/05/goldman-upgrades-india-on-modi-effect-raises-nifty-target-to-6900/>

[35] <http://economictimes.indiatimes.com/opinion/comments-analysis/with-economy-showing-signs-of-a-turnover-bjps-chances-dampened/articleshow/22531179.cms>

[36] <http://www.epw.in/commentary/political-cul-de-sac-cpims-tragic-denouement.html>

[37] <http://communalism.blogspot.in/2012/09/nationalism-and-fear-of-foreign-indian.html>

[38] <http://ibnlive.in.com/news/jan-lokpal-bill-is-very-regressive-arundhati-roy/179990-3.html>

[39] <http://indianexpress.com/article/india/india-others/kejriwal-spells-out-economy-agenda-says-aap-against-crony-capitalism/99/>

[40] [http://www.meerasanyal.com/aap\\_is\\_anti\\_dishonest\\_business\\_not\\_anti\\_business](http://www.meerasanyal.com/aap_is_anti_dishonest_business_not_anti_business)

[41] <http://m.firstbiz.com/economy/yogendra-yadav-subsidies-india-highly-inefficient-expensive-must-go-76871.html>

[42] <http://www.businessworld.in/news/business/energy-and-power/hc-stays-aap-decision-of-50-waiver-on-power-bills/1267250/page-1.html>

[43] <https://www.imf.org/external/np/speeches/2014/020314.htm>

## Agribusiness rules lag in agriculture dependent countries

Countries where agriculture is a major economic activity have greater room for improving key regulations that govern the agribusiness sector, a new World Bank report finds.

In contrast, countries where agriculture accounts for less than 25 percent of GDP have better regulatory systems that foster agribusiness and ensure quality control and safety of food production, says the first edition of *Enabling the Business of Agriculture 2016: Comparing regulatory good practices*. The report, released today, examines regulations that affect private enterprise in agribusiness in 40 countries around the world.

Global population is estimated to grow to 9 billion by 2050, from the current 7.3 billion people, and food demand is projected to rise by 20 percent over the next 15 years. The largest increases are expected in Sub-Saharan Africa, South Asia and East Asia. As countries accelerate their efforts to achieve the new

Sustainable Development Goals (SDGs), ending poverty and hunger will require well-performing agriculture and food sectors that can cater to the rising demand, which in turn depends on smart regulations that enable agribusinesses to thrive.

*“Well-designed agribusiness laws and regulations are the bedrock of national and global efforts to address these daunting challenges. By focusing on key elements of the food production and distribution value chain, **Enabling the Business of Agriculture** hopes to promote regulatory systems that enable sustainable and inclusive agribusinesses to take root and thrive,”* said **Preeti Ahuja, Manager in the World Bank’s Agriculture Global Practice**, which produced the report jointly with the Global Indicators Group in the Development Economics Vice Presidency.

The current edition presents country-level results on six topics: Seed; Fertilizer; Machinery; Finance; Transport; and Markets. Four additional topics — Information and Communication Technology (ICT); Land; Water; and Livestock — are under development and will be included in next year’s report. Two overarching themes — environmental sustainability and women’s participation — are embedded in the indicators developed under each topic.

The report finds that urbanized countries have on average smarter regulations in the topic areas measured by the report than countries where agriculture accounts for a larger role. Of the 40 countries surveyed, the urbanized economies of Colombia, Denmark, Greece, Poland and Spain perform above average on the measured areas.

But in most countries, performance is mixed and challenges remain. Bosnia and Herzegovina, an urbanized economy, has good regulations for plant protection and fertilizer but faces challenges in regulating credit unions and e-money. Morocco (urbanized) and Mozambique (where agriculture accounts for over 50 percent of GDP) have smart regulations in place for registration, certification and development of new seed varieties but need to strengthen regulations in agricultural finance. Vietnam, where agriculture accounts for around 20 percent of GDP, has strong regulations for fertilizer quality control and plant protection, but can improve safety standards for farm machinery.

The indicators presented in this report look at whether national regulatory systems enable agribusiness start-ups and operations; have provisions for plant protection, safety standards for agricultural machinery and quality control for seeds and fertilizers; and facilitate trade of agricultural inputs and products.

*“Improved knowledge and understanding of the environment in which agribusinesses operate can lead to better national strategies and policies that not only optimize sustainable food production and distribution but also achieve maximum development impact to end poverty and boost shared prosperity,”* said **Federica Saliola, Program Manager at the World Bank’s Global Indicators Group**.

In terms of regions, the regulatory quality and efficiency of OECD high-income countries stand out in areas measured by EBA, followed by Latin America and the Caribbean, and Europe and Central Asia.

South Asia and Sub-Saharan Africa show levels of regulatory strength that are generally lower than the global average across the areas measured.



The full report and accompanying datasets are available at <https://eba.worldbank.org/>

### **About *Enabling the Business of Agriculture***

*The Enabling the Business of Agriculture (EBA)* project focuses on identifying and monitoring regulations that affect agriculture and agribusiness markets. EBA aims to inform and encourage policy decisions that support inclusive participation in agricultural value chains and foster an environment that is conducive to local and regional businesses in agriculture. The project is supported by several donors, namely United Kingdom's Department for International Development (DFID), the Government of Denmark, the Government of the Netherlands, Bill and Melinda Gates Foundation, and the United States Agency for International Development (USAID).

## Environment is the most under-reported disaster of Narendra Modi government

Climate change, pollution and biodiversity destruction are some of the most urgent challenges, and a new-generation of revolutionary activists are fighting them.

But most political leaders in the world remain lethargic in taking action. And then there are some leaders like Prime Minister Narendra Modi who have started an all-out war against environment in the last five years.

This is also the most under-reported failure of the Modi government. The opposition parties have raised issues like unemployment and farmer crisis, but not environment. The previous UPA government didn't have much of a stellar record on environment anyway, but what has happened in past five years is unprecedented, which I have mentioned [in my Facebook post](#) as well.

The biggest statistical evidence for this lies in the **Environmental Performance Index**, where India was ranked the **fourth-worst country** (177) in the world out of 180 countries last year. Five years ago, India was **ranked 155th**.

The assault began as soon as the Modi government took over in 2014 with the promise of speeding business decisions and removing hurdles to investment. In June 2014, the environment ministry used a bureaucratic shortcoming to **remove the ban** on setting up of factories in eight 'critically-polluted' industrial belts, which was reported in *Business Standard*.

Environment **clearances were eased** to allow mid-sized polluting industries **to operate** within 5-km of eco-sensitive areas, as against the earlier limit of 10 km. Norms for coal tar processing, sand mining, paper pulp industries were also eased.

In August 2014, the number of independent members in National Board for Wildlife (NBWL) was reduced from 15 to just three. More government members in this board meant more government influence – a decision that many say was key to the environmental damage that was to follow. The new NBWL was a mere puppet of the government. Five years later we saw the result – NBWL **approved 99.82 per cent** of all industrial projects, giving them environmental clearance. A total of 682 projects were allowed from the 687 projects it had to examine. In contrast, under UPA-2, only 80 per cent of the projects got clearance – 260 were allowed out of 328 projects.

The next assault came on 11 December 2017 when Central Pollution Control Board wrote to over 400 thermal power units in the country, allowing them to release pollutants in violation of the 2015 limits set by the government, which

were to be followed till another five years. It also wanted newer thermal power plants to follow the new norms of clean technologies set by the government. But **as Scroll reported** , “even the 16 new power stations that became operational in 2017 had failed to install clean technologies”.

It comes as no surprise that by 2018, **15 of the world's 20 most polluted cities** were in India.

In July 2017, the government tried to undermine the independence of India's environmental watchdog – the National Green Tribunal. In the past, NGT has often raised pointed questions about anti-environment projects. It is able to do so only because of the autonomy it enjoys. It can only be headed by a former Supreme Court judge or the Chief Justice of a High Court. But the Modi government, through the provision of a money bill, **tweaked the rules** , allowing a five-member committee, wherein four members could be from the government, to choose the chairperson of NGT. Under the new rules, anyone with ‘at least 25 years of experience in law’ could head the NGT.

Laws were changed systematically across the states and at the Centre. Modi government **declassified** salt pans as wetlands. This move threatens to open up vast lands of salt pans near Mumbai for housing projects.

In BJP-ruled Goa, the state government classified the coconut tree as a grass so that it can be cut without taking permission – a move, many suspected, would benefit the real estate sector. Fortunately, the **decision was overturned** in 2017.

In 2018, the environment ministry **proposed** major changes to the National Forest Policy, announced a draft Coastal Regulation Zone (CRZ) notification and came up with new

rules for plastic waste management. All three moves, seen as benefitting the industry, were criticised by environmental activists.

The fight in Gurgaon to **save the Aravali** and the fight in Mumbai **to save Aarey** have been documented by the media. These are the last frontiers in this war because these bio-diversity sites are the last remaining green areas in the two cities.

Acts of environmental destruction are being committed across India. A wildlife sanctuary is about to be erased from the face of the earth. In September 2018, Uttar Pradesh government submitted a proposal to the Modi government asking for the 'Kachhua' (turtle) wildlife sanctuary in Varanasi to be 'denotified'. If this proposal is cleared, this wildlife sanctuary will be the **first to be erased** since the Wildlife Protection Act, 1972 was introduced.

In Madhya Pradesh, the proposed Ken-Betwa river linking project threatens to **destroy 4000+ hectare** of Panna tiger reserve, a home to critically endangered Gharial species.

In Maharashtra, **53,000 precious mangrove trees** will be cut for the famous bullet train project. In Uttarakhand, another environmental disaster took place as **25,000 trees were cut** in an ecologically sensitive area for building highways to Hindu pilgrimage sites. This drastically increased the threat of landslides in an already vulnerable region.

In Chhattisgarh, one of the most pristine and dense forests of India is **about to be eliminated** as the government has given **permission for coal mining**.

I can go on and on. One ecologically sensitive area after another has been destroyed while laws have been twisted

and turned, again and again.

The new **BJP manifesto** for 2019 elections provides no respite from this ongoing assault. Under the forest and environment section, it boasts of 'speed and effectiveness in issuing forest and environmental clearances'. This is a catchy euphemism for prioritising construction and industry over ecology and biodiversity. After all, this goes with the 'ease of doing business' achievements and voters can be convinced that this is a good thing. There isn't much on biodiversity protection; there is no commitment towards making India's environmental institutions more independent and laws more effective.

Our voice is key in the environment debate. More of us need to be champions of the planet.

## GROUPS OPPOSE WORLD BANK'S DOING BUSINESS RANKINGS

Tomorrow, October 29 2014, the World Bank will release its 2015 Doing Business report and ranking of some 189 countries, including our nation. The report helps business push countries in a race to the bottom with laws that do not protect workers, the environment, consumers or control the abuses of transnational corporation. Popular Resistance sees these rankings as a great disservice to the world that empowers corporations and weakens governments and the people.

Since 2002, through this annual publication, the World Bank has been benchmarking and ranking countries according to "the ease of doing business." The Doing Business is based

on the principles of privatization, deregulation, low taxation for corporations, and 'free market' fundamentalism. It rewards the lowering of social and environmental safeguards, therefore allowing the exploitation of natural resources and human capital by foreign corporations and local elites.

This flagship project of the World Bank is used for other benchmarking projects, such as the 2013 Benchmarking the Business of Agriculture (BBA) developed at the G8's urging to "develop options for generating a Doing Business in Agriculture index." The Doing Business and the BBA establish the economic and regulatory environment to favor big agribusinesses and allow large-scale land investments in agriculture, at the expense of smallholder farmers who produce 80% of the food for the developing countries.

With the Bank setting standards for investors and bilateral donors around the world, driving significant money flows towards the countries ranked highest in the Doing Business report, governments refrain from challenging the methodology based on creating race to the bottom. Instead, the governments are forced to set as their policy goal an improvement in their next Doing Business ranking. They turn to the World Bank advisory services to be guided on implementation of regulations that will improve their score. This undermines countries' sovereignty and necessary public debate on economic and development policies as made evident by the multi-continental campaign *Our Land Our Business*.

There are no winners in the race to the bottom created by the Doing Business rankings, which are today's version of the Structural Adjustment Programs that devastated livelihoods of millions of people through the withdrawal of state intervention and the forced liberalization of national economies in the 1980s and 1990s.

The 12<sup>th</sup> Doing Business report is about to be released, despite widespread opposition, including from within the Bank. Organizations are calling on the Government of [name

of country] to reject the ranking and formally challenge the World Bank's rating of our country, an activity for which the Bank has no mandate and legitimacy.

## ALLAT denounces World Bank's 2015 doing business rankings on Sierra Leone

Action for Large-scale Land Acquisition Transparency (ALLAT) has rejected and denounced the World Bank's doing business report card on Sierra Leone. On Wednesday 29th October 2014, the World Bank will release its 2015 Doing Business report and ranking of some 189 countries, including Sierra Leone.

Since 2002, through this annual publication, the World Bank has been bench-marking and ranking countries according to "the ease of doing business". The Doing Business is based on the principles of privatization, deregulation, low taxation for corporations, and 'free market' fundamentalism. It rewards the lowering of social and environmental safeguards, therefore allowing the exploitation of natural resources and human capital by foreign corporations and local elites.

This flagship project of the World Bank is used for other benchmarking projects, such as the 2013 Benchmarking the Business of Agriculture (BBA) developed at the G8's urging to "develop options for generating a Doing Business in Agriculture index". According to Edward Fatoma of Green Scenery which is a member organization of ALLAT, "the Doing Business and the BBA established the economic and regulatory environment to favor big agribusinesses and allow large-scale land investments in agriculture, at the expense of smallholder farmers who produce 80% of the food for developing countries".

With the Bank setting standards for investors and bilateral donors around the world, driving significant money flows towards the Doing Business best performers, governments refrain from challenging the methodology based on creating a race to the bottom. Instead, the governments are forced to set as their policy goal an improvement in their next Doing Business ranking. They turn to the World Bank advisory services to be guided on implementation of regulations that will improve their score. This undermines countries' sovereignty and necessary public debate on economic and development policies as made evident by the multi-continental campaign Our Land Our Business.

Frank Williams of Action for Large-scale Land Acquisition Transparency (ALLAT) said "there are no winners in the race to the bottom created by the Doing Business rankings, which are today's version of the Structural Adjustment Programs that devastated livelihoods of millions of people through the withdrawal of state intervention and the forced liberalization of national economies in the 1980s and 1990s".

The 12<sup>th</sup> Doing Business report is about to be released, despite widespread opposition, including from within the Bank. Members of ALLAT including Green Scenery call on the Government of Sierra Leone to reject the ranking and formally challenge the World Bank's rating of Sierra Leone which they believed is an activity which the Bank has no mandate and legitimacy to carry out.

## Root Cause of Agrarian Crisis Lies in Economics, Not Technology: MS Swaminathan

*No one has played a more instrumental role in India's self-sufficiency in food production than Dr MS Swaminathan — world-renowned agricultural scientist,*



*known as the 'Father of Green Revolution in India'.*

*After getting a PhD from Cambridge University and further foreign training, he returned to India and served in various capacities as scientist, teacher, institutional builder and administrator.*

*MS Swaminathan chaired the National Commission on Farmers (2004-06) appointed by the Union Government in 2004. The Commission submitted five reports in 2006, outlining comprehensive measures required for the sustainability and viability of agriculture in India.*

*A recipient of numerous awards and honours, Swaminathan also served as a nominated member in the Rajya Sabha from 2007 to 2013.*

*He founded the MS Swaminathan Research Foundation in Chennai in 1988 with proceeds from the First World Food Prize he received in 1987. The foundation [works](#) to advance the use of science for agricultural and rural development and for dissemination of technology to improve lives and livelihoods of tribal and rural communities.*

*In this interview conducted at MSSRF, Chennai, Swaminathan, 93, speaks on a range of issues — including the Green Revolution, the current state of agriculture in India, farmer suicides, minimum support price (MSP), agriculture and government policy, etc. Edited excerpts:*

**Your father was a medical doctor and you got an opportunity to pursue a career in medicine too. Later you qualified for the Indian Police Service. But you chose agricultural studies. What was the motivation?**

My father was a medical doctor, and a famous Gandhian. He had fought for temple entry for dalits, for abolition of dowry, etc. He had built a big hospital at Kumbakonam in Thanjavur district in Tamil Nadu. But he died at a very young age in 1936, when I was 11 years old.

I was being groomed to go to medical college. Since my younger brother went into the pharmaceutical field and there was no one else in the family to take over management of the hospital, I was told by my mother, my father's brother and my entire family that I had to manage the hospital. I was studying BSc in Zoology at Maharaja's College in Trivandrum, Kerala (now known as University College, Thiruvananthapuram). I took Zoology and Chemistry. This was from 1942 to 1944.

In 1942, Mahatma Gandhi led the Quit India Movement . At the same time, there was the infamous Bengal famine. Every day newspapers carried reports of people dying of hunger. We were all idealistic at that time. I thought the best way to serve the country would be on the food production side. So, I told my family that I would not take admission in medical college but would apply to agricultural college. I applied to Madras Agricultural College in Coimbatore (now Tamil Nadu Agricultural University. Even the principal had asked me why I had come there, given that I had got good marks? Agriculture had quite a bad social status. That is the reason I decided to go for agriculture.

Within agriculture, I decided to go into genetics and crop improvement, because I thought it would help the maximum number of farmers with a new variety of crops that are high-yielding and resistant to certain diseases. That shaped my future. I did not look back after that. Since 1944, I have been in the same field.

**You have often spoken of Gandhi's influence on you. How did his philosophy shape you, and what do you think is his relevance today?**

Children inherit the values of their parents. My father was a Gandhian. My mother used to make us spin Khadi for one hour every day. It was compulsory for us at home. So the concept of *swadesh*i had a very important influence on us. I applied the same principle in agriculture — self-reliance in food production.

So, I'd say that Gandhi's concept of self-reliance shaped my own research strategy. Gandhi and his ideas are ever-relevant, especially given the young population of our country. Our ability to harness their curiosity and creativity will be very important.

**In these times, we hear a lot about 'brain drain ' . But in your case, it was the opposite. You were**

**offered a lucrative career in the US. Why did you turn it down?**

Brain drain is people going to the US or other developed countries attracted by the facilities and opportunities. Sometimes scientists go abroad because they want advanced equipment and better facilities. Investment in science in India was not much until after Independence — after Nehru's conviction that only science could help our country progress. Nehru said, "The future belongs to science and those who make friendship with science."

At first, I went abroad. I had got a fellowship to go to Holland. Holland appealed to me because it is a small country with high-value agriculture. Since our country needed more income for farmers, I thought we could learn some things from Holland. So, I decided to go. Then I tried to do a PhD at Cambridge. After that I was in the US.

But then I thought, this is enough. I should go back to my country and start applying my knowledge. At the time, the president of the University of Wisconsin had offered me a very lucrative job as associate professor. But I told him I had come to this country to learn and to go back to serve my country. He appreciated that very much. So, I came back and was located at Central Rice Research Institute, Cuttack, Odisha. Then I shifted to the Indian Agricultural Research Institute, where I had studied.

**You are hailed as the 'Father of Green Revolution in India' . What were the circumstances that necessitated the Green Revolution and how do you assess its achievements?**

The term 'Green Revolution' was coined by William Guad of the US. Green is the colour of chlorophyll, which is the pigment in plants that captures sunlight and takes nutrients from the soil, and then produces the food. Therefore, the Green Revolution is more about capturing sunlight.

Agriculture is the largest solar energy enterprise. Therefore, Green Revolution was the method of expressing our gratitude to sunlight and green plants -- the two legs of our existence.

As for me being called 'Father of Green Revolution', I was not responsible for that. I always say I am a father of three fine girls!

Before the Green Revolution, we were entirely dependent in terms of food. In fact, we imported 10 million foodgrains in 1966. An independent foreign policy was not possible as long as it was dependent on somebody else's grains. I would say in areas like Punjab and Haryana — the heartland of the Green Revolution — agriculture is still going well. Farmers learned the technique to use fertilisers. If you go to villages in Punjab, they will tell you what to do and what not to do. In fact, one of them told me that the Chief Minister was giving subsidy to pump more water — and that farmers' interests would be harmed because people would have the temptation to take more water than necessary. So, they have come to know what is in their long-term interest and what is not.

**There is a general criticism of the Green Revolution that the practice of indiscriminately using pesticides and fertilisers had degraded soil fertility, led to over-exploitation of ground water, etc. You had warned against this during the Indian Science Congress at Varanasi in 1968, and later you used the term 'evergreen revolution'. What is the concept of 'evergreen revolution'?**

Yes, I have condemned the excessive use of pesticides. Rachel Carson of the US had expressed this in her book, *Silent Spring*. At the Science Congress in Varanasi, I made a comment that was widely quoted. 'Evergreen revolution' is a term used to mean when 'productivity advances in perpetuity'. It is another term for sustainable agriculture.

When there was criticism of the Green Revolution, we'd thought criticism came from those who were not farmers. If you had gone that time to Punjab, Haryana or Western Uttar Pradesh, farmers were so happy. The man who used to harvest one tonne per hectare got four times more, and could sell three times more than the normal.

**Today we are in the midst of an agrarian crisis. More than three lakh farmers have committed suicide in the past two decades. According to socio-economic surveys, the income of farmers is declining. There are other issues like rural migration, displacement, etc. What is the cause of the Indian agrarian crisis?**

The agrarian crisis we're witnessing has been dealt with in detail in the Farmers' Commission report, of which I was the chairman. There are five reports. Those reports dealt with why and what are the problems of farmers today.

Monsoon and markets are the two major problems. Today governments talk about announcement of the minimum support price (MSP). But unfortunately, procurement is very poor. You have to have minimum support price. You have to have public procurement and public distribution. All of these are very important. People like Mahendra Singh Tikait (farmer leader) had complaints about this, back in those days too. They said agriculture is no longer economically viable, that we cannot ask our children to go into agriculture. They have to find some other profession.

**We have been witnessing farmers' agitations in various parts of the country. One of their demands is the implementation of the draft report of the National Commission on Farmers chaired by you. You submitted the report in 2006. Why have successive governments hesitated to implement it?**

It is true that farmers' demand is to implement the Swaminathan committee report. Particularly, the one related to procurement and pricing  $C2 + 50\%$  (total cost of production + 50%) for MSP.

Governments have increased the price now, but farmers are finding it difficult to manage agriculture. And there is no other occupation for them. There is a job famine in our country. Agriculture is job-led growth while industry is jobless growth. Income of farmers is declining mainly because of the two factors I'd mentioned — monsoon and markets.

The root cause of Indian agricultural crisis lies in economics. I am a technologist. Technology and public policy are both very important. But ultimately, while technology is important for farmers, more important are procurement and public distribution. So, unless the occupation is economically viable and ecologically sustainable, it will not sustain.

The Farmers' Commission was first conceived of by Atal Bihari Vajpayee in 2004, when # Rajnath Singh was the Agriculture Minister. They set up the farmers' commission. But within two months, the government changed. Sharad Pawar came as Minister. He wanted me to chair the commission. I asked for two years of time. In two years, not one day less or one day more, we submitted the report, but we submitted it in parts because I thought the minister would be too busy to read a huge report. But the Manmohan Singh government did not implement it. The BJP government included it only in the election manifesto. There has been a slight improvement in the prices of commodities, but not really.

**One of the main demands of farmers is loan waivers. You've said that loan waiver is a short-term measure and not a solution for making farming viable. Can you elaborate?**

Loan waiver is not a method at all. Because what are loans? You take money from the bank. The money in the bank is what you and I deposited for earning some interest on our money. Now taking the capital out and giving it out as loans, whose money is it? It is not correct. It's not viable over a long period of time. More important is to make agriculture more viable and yield better. I would prefer my own pricing formula, which is  $C2 + 50\%$ . That can help farmers on a long-term basis. If a year sees huge floods, like in Kerala last year, you may need to write off loans. There is no other way. I know in Kuttanad in Kerala, there is a lot of damage to agriculture due to floods. There I would recommend it. But it is not a method of strengthening agriculture.

**In July, the Union Government announced new MSP of 14 Kharif crops for the 2018-19 season. In a statement, you said this MSP was still below your commission's recommendations. There are various ways to calculate MSP. What would be the most viable MSP calculation?**

The MSP is still below our recommendation because it has not taken into account C2, meaning cost of production.

You need to include the imputed value of family labour, land cost, the interest on land, etc. Merely taking expenditure on inputs for fertiliser and seeds and labour, will not give you the whole cost of production. That is why the MSP is below the recommendation. The viable calculation is mentioned in the Farmers' Commission report.

**One of the major problems in India is the concentration of land in very few hands. Except for a few states, land reforms are still incomplete. But you go beyond the concept of land reforms and suggest reforms in terms of assets, including water. How significant is that for a country like India?**

Land reform was talked about even when I was student of at agriculture college. Two states that implemented it somewhat are Kerala and West Bengal, mainly because of the communist governments. In Kerala, I had some land that was gone. I did not mind giving it up as long as a farmer took it. Even in the Farmers' Commission report, land reform was one among pending items. It does not mean just redistribution of land, but also the surety of jobs for landless labourers, who should not be thrown out. Because when we talk about agriculture, we do not talk about landless labourers and women.

Asset reform is premised on the fact that agriculture requires not only land, but also water, electricity, ground water utilisation, technology that is environmentally sound and marrying of ecology with technology development. Usually, people think that land reform means just giving land to the people. What will they do? They have given land to Gujjars in Kashmir, for example. They do not know how to farm the land. So, you should give them training. Ours is a holistic package. Land is just a fragment. Land reforms should be expanded to asset reforms.

**These days agricultural land is diverted for various purposes, such as handing over to corporates. You recommended the need for a land use policy. How should this policy be, especially from the perspective of agriculture?**

Land use policy should be based on home needs plus market availability. First of all, farmers will look after their home needs. If I am a rice-eating person, in Punjab for example, farmers grow Basmati rice. Even if the yield is a little less, they want to have good rice. Land use policy will be one for sustainable food security and sustainable agricultural trade, agricultural income.

**India has been seeing unprecedented farm suicides after the adoption of economic liberalisation**



**policies. How do free trade agreements and deregulation of import restrictions affect farming? You recommended an Indian trade organisation. What is the need for it?**

Farm suicides have been studied in detail by P Sainath. When I was Farmers' Commission Chairman, he took us to houses where there were suicides. If you go with them (government officials), you will not get to know anything. He said the officials want to whitewash the suicides. A person commits suicide when he or she can see no other way. I wrote a lot about it. Unfortunately, social protection has also gone down. We all know who is in despair and who is likely to commit suicide. Yet nobody helps them, not even the government. Everywhere there are only individual interests and private interests.

Everything has to be studied carefully. You have got international trade agreements. I always say there should be green box subsidies for livelihood security, just as the World Trade Organisation (WTO) has other green box provisions. In 1992, I'd recommended a livelihood security box for those whose livelihood is in agriculture. Ours is a livelihood industry. In America, it is a commercial industry, money-making industry. There is difference in agriculture in India and in some other developing country. In industrial countries, agriculture is one more profession to make money. Here it is basic livelihood.

I recommended an Indian Trade Organisation because we should have our own policies of trade that are based upon the viabilities of farming and food security. We are a large country with a huge population. And we should have our own policies. Influencing the WTO beyond an extent is not possible.

**P Sainath has reported several painful incidents of women farmers, who have committed suicide but haven't been recognised as such because their**

**names are not there in the *patta* (land document). Against the background of 'an increasing feminisation of agriculture', you introduced the Women Farmers' Entitlements Bill in Rajya Sabha on May 11, 2012. How important is the legal recognition of women farmers?**

Legal recognition of women farmers is very important. Women constitute the major part of our farmers. Without addressing the issues of women farmers, agriculture will not be sustainable. Land title ownership of women is also very important.

**What is your take on the introduction of genetically modified (GM) crops in Indian farms? How would it affect the Indian farm sector?**

There is no need for GM crops in Indian farms, unless there is some problem that cannot be solved by normal genetic breeding or Mendelian breeding. In my research foundation, we have a biotechnology unit. They have taken genes from mangroves for salt water to transfer it to rice because in the coming years, the sea level will rise and we will need to have varieties that are salt-tolerant, sea-water tolerant. Just like this, in special cases you can use genetic modification, but not as a general method.

**One of the main ideas that inspired the Green Revolution was self-reliance. But today that enthusiasm for self-reliance in public policies seems to have waned. How important is self-reliance?**

Swadeshi was the idea behind the Green Revolution. Independent foreign policy is only possible with food security. Therefore, food has more than just eating implications. It protects national sovereignty, national rights and national prestige.

**Currently we have a targeted Food Security Act. You have recommended a comprehensive food security Bill that ensures nutrient rich-food availability for all. What is its importance in country like India where the world's largest numbers of hungry people live?**

I've always believed we should go for food nutrition security. I added a sentence in the Bill. There are three aspects of food security in the Bill. One is adequate availability of food, which is a function of production; then adequate consumption, which is function of cost of living; and then adequate distribution, which is the public distribution system, mid-day meals in schools, etc.

**Economic insecurity, low productivity and lack of modernisation are the major challenges of Indian agriculture. But China tackled those challenges and modernised agriculture with the twin strategy of increasing small-farm productivity and income and creating non-farm employment in rural areas. What lessons can we learn from China?**

In China, there is no question of landless labour. Some of them get farming occupations and others get non-farming occupations. They try to address the problem not in terms of those who have land or are landless. Land is one asset. Those who have land should cultivate their land. Those who have no land should be given non-farm occupation, so that everybody is employed and has got some income. That is how China became a much more egalitarian country. They are the first ones to use hybrid rice on a large-scale to increase the income of small farmers. We can also adopt it. Unfortunately, our policies are quite poor. The twin strategy of increasing small-farm productivity and increasing non-farm income are very important.

**There is an argument that the 2018 Kerala floods were a man-made disaster. Do you agree?**

I do not agree that it was a man-made disaster. It was man-made only in the sense and to the extent that we humans have been abusing the environment over a long period of time, creating conditions for flooding. But the Kerala floods were unprecedented. Right now, climate change is a very important issue. Again, climate change is man-made over a long period of time.

### **How do you evaluate the impact of Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) scheme on the rural poor?**

The MGNREGA scheme is a very good programme. But it should include skilled jobs also. For example, women working in an anganwadi or a crèche, they should also be covered under it. They have unnecessarily restricted it to only unskilled jobs. What Mahatma Gandhi said was that everyone should learn skills. Technology and public policy should go together. I wrote to the parliamentary committee that it is time to include skilled work in the programme as well. We are just providing them employment for food security. We should not waste such a large human resource but should provide them skills and use those skills. For example, water management, watershed management, soil conservation can all be done more scientifically, if you have trained labour.

## **Capitalism's Great Indian Con-Trick: Feeding "The Economic Vultures", While Starving Agriculture**

*The story goes like this: India is an economic miracle, a powerhouse of growth. It is a nation that increasingly embodies the spirit of entrepreneurship. And the proof? Until recently, India had year on year 9% GDP growth (or thereabouts).*

Such logic, statements and figures are the stuff of headlines that pay homage to the supposed wonders of neoliberalism which the corporate media trots out time and again in the belief that if something is repeated often enough then it must be true.

Visit Delhi or Mumbai and you can witness the trappings of this 'success'. Newly built towns on the outskirts with gleaming apartment blocks and sterile shopping malls. What more could a person want? All well and good for those who have benefited from neoliberal economic reforms that began in 1991 - because indeed it seems that is all they do want.

But these beneficiaries of neoliberalism comprise a minority. They constitute but a section of the urban population, which in turn constitutes a minority within the country. They are the ones the ideologue-economists and corporate-controlled media in the West focus on when celebrating capitalism and its global 'success'. But what about the bulk of the population, the two thirds that live in villages and rural India?

According to Sudhansu R Das, the Indian village was once enshrined in a performing eco-system and a healthy social life (see [this](#) ). In fact, the village was the centre of a rural economy, an economic powerhouse of agricultural innovation, artisanship and entrepreneurialism. However, the British Raj almost dismantled this system by introducing mono crop activities and mill-made products. Post-independent India failed to repair the economic fabric and is now actually accelerating the dismantling. As a result, rural India is too often depicted as a 'basket case', a drain on the nation's subsidies and resources.

It is not, however, agriculture that is the subsidy-sucking failure it is so often portrayed as in the mainstream media. The spotlight should instead focus on corporate-industrial India, the supposed saviour of the nation, which has failed to deliver in terms of boosting exports or creating jobs, despite the massive hand outs and tax exemptions given to it (see [this](#) and [this](#) ). As subsidy-sucking failures go, it has much to answer for.

Of course, corporate-industrial India is engaged in a huge con-trick, which forms part of the neoliberal agenda worldwide: subsidies to the public sector or to the poor are portrayed as a drain on the economy, while the genuinely massive drain of taxpayer-funded corporate dole, tax breaks, bail outs, sops, tax avoidance and evasion are afforded scant attention. If anything, through slick doublespeak, all of this becomes redefined as being necessary to create jobs or fuel 'growth'.

But what does the taxpaying public get in return for subsidising the private sector in this way and for paying for its fraudulent practices? What do ordinary people get for being forced to 'stand on their own two feet' while subsidising a system of 'free' enterprise that is anything but free? Jobs... 'growth'?

No, they see record profits and levels of inequality and experience austerity, the outsourcing of jobs, low pay, the destruction of rights, deregulation, mass unemployment and the erosion pensions and social security (see [this](#) and [this](#) ).

The machinery of state is pressed into the service of private capital for the benefit of private capital under the guise of 'growth' or the 'national interest' and that is the price the rest of us pay.

This is exemplified by the following quote:

"We don't think how our farmers on whose toil we feed manage to sustain themselves; we fail to see how the millions of the poor survive. We look at the state-of-the-art airports, IITs, highways and bridges, the inevitable necessities for the corporate world to spread its tentacles everywhere and thrive, depriving the ordinary people of even the basic necessities of life and believe it is development." - [Sukumaran CV](#)

What Sukumaran CV describes above is in India underpinned by unconstitutional land takeovers, the trampling of democratic rights, cronyism, cartels and the manipulation of markets, which to all purposes is what economic 'neo-liberalism' [has entailed in India](#) over the last two decades. Corporations have run roughshod over ordinary people in their quest for profit. In the process, there have been untold opportunities for well-placed officials and individuals to make a fast buck from various infrastructure projects and sell offs of public assets, such as airports, seeds, ports and other infrastructure built up with public money or toil.

This neoliberal agenda is based on state-corporate extremism, which has across the world resulted in national states submitting to the tenets of the Wall Street-backed pro-privatisation policies, deregulation, free capital flows, rigged markets and unaccountable cartels. It is the type of extremism that is depicted as being anything but by the corporate-controlled media.

Powerful corporations are shaping the 'development' agenda in India and the full military backing of the state is on hand to forcibly evict peoples from their land in order to hand it to mineral extracting and processing industries, real estate interests and industry.

Moreover, the deal that allows the Monsanto/Syngenta/Walmart-driven [Knowledge Initiative on Agriculture](#) in return for the US sanctioning and backing the opening up of India's nuclear sector to foreign interests has shown [who is setting the agenda](#) for agriculture, food and energy.

Almost 300,000 farmers have taken their lives since 1997 and many more are experiencing economic distress or have left farming as a result of debt, a shift to (GM) cash crops and economic 'liberalisation' (see [this](#) ). And yet the corporate-controlled type of agriculture being imposed and/or envisaged only leads to [bad food, bad soil, bad or no water , bad health , poor or falling yields](#) and an impending [agrarian crisis](#) .

It's not difficult to see where policy makers' priorities lie. In a recent TV interview (watch [here](#) ), food policy analyst Devinder Sharma highlighted such priorities:

"Agriculture has been systematically killed over the last few decades. And they are doing deliberately because the World Bank and big business have given the message that this is the only way to grow economically... Sixty percent of the population lives in the villages or in the rural areas and is involved in agriculture, and less than two percent of the annual budget goes to agriculture... When you are not investing in agriculture, you think it is economically backwards, not performing. You are not wanting it to perform. You are ensuring that the price they get today under the MSP (Minimum Support Price) has also being withdrawn. Leave it to the vagaries or the tyranny of the markets... Twenty-five crore people in this country are agricultural landless workers. If we give these people land, these people are also start-ups, these people are also entrepreneurs... But you are only giving these conditions to industry... agriculture has disappeared from the economic radar screen of the country... 70 percent of the population is being completely ignored..."

Farmers have been imbued with the spirit of entrepreneurship for hundreds of years. They have been "scientists, innovators, natural resource stewards, seed savers and hybridisation experts" who have increasingly been reduced to becoming "recipients of technical fixes and consumers of poisonous products of a growing agricultural inputs industry" (see [here](#) ).

In his interview, Devinder Sharma went on to state that despite the tax breaks and the raft of policies that favour industry over agriculture, industry has failed to deliver; and yet despite the gross under-investment in agriculture, it still manages to deliver bumper harvests year after year. Furthermore, when farmers are prioritised, politicians are accused of populism and playing to a vote bank. Yet when industry receives subsidies, hand outs and tax breaks, it is called 'reform' and portrayed as contributing to 'growth':

"When we talk about budgets, it's going to be populism or reforms. What is reforms? ... if you don't give anything to industry, they call it 'policy paralysis'. But if you give them all kinds of dole then they think it is growth, they think it is a dream budget. In the last 10 years, we had 36 lakh crore going to the corporates by way of tax exemptions. Where are the jobs? They just created 1.5 crore jobs in the last ten years. Where are the exports? ... The only sector that has performed very well in this country is agriculture. Year after year we are having a bumper harvest. Why can't we strengthen that sector and stop the population shift from the villages... Why do you want to move the population just because Western economists told us we should follow them. Why? Why can't India have its own thinking? Why do we have to go with Harvard or Oxford economists who tell us this?"

With GDP growth slowing and automation replacing human labour the world over in order to decrease labour costs and boost profit, where are the jobs going to come from to cater for hundreds of millions of former agricultural workers or those whose livelihoods will be destroyed as transnational corporations move in and seek to capitalise industries that currently employ tens of millions (if not hundreds of millions)?

Are they to become what Arundhati Roy calls the "ghosts of capitalism," the invisible, shoved-aside victims of neoliberalism who are deemed surplus to requirements?

India's development is being hijacked by the country's wealthy ruling class and the multinational vultures who long ago stopped circling and are now swooping. Meanwhile, the genuine wealth creators, the entrepreneurs who work the fields and have been custodians of the land and seeds for centuries, are being sold out to corporate interests whose only concern is to how best loot the economy. As they do so, they churn out in unison with their politician puppets the mantra of it all being in the 'national interest' and constituting some kind of 'economic miracle'.

## The Iron Fist Behind the Invisible Hand: Capitalism As a State-Guaranteed System of Privilege

## INTRODUCTION.

Manorialism, commonly, is recognized to have been founded by robbery and usurpation; a ruling class established itself by force, and then compelled the peasantry to work for the profit of their lords. But no system of exploitation, including capitalism, has ever been created by the action of a free market. Capitalism was founded on an act of robbery as massive as feudalism. It has been sustained to the present by continual state intervention to protect its system of privilege, without which its survival is unimaginable.

The current structure of capital ownership and organization of production in our so-called "market" economy, reflects coercive state intervention prior to and extraneous to the market. From the outset of the industrial revolution, what is nostalgically called "laissez-faire" was in fact a system of continuing state intervention to subsidize accumulation, guarantee privilege, and maintain work discipline.

Most such intervention is tacitly assumed by mainstream right-libertarians as part of a "market" system. Although a few intellectually honest ones like Rothbard and Hess were willing to look into the role of coercion in creating capitalism, the Chicago school and Randoids take existing property relations and class power as a given. Their ideal "free market" is merely the current system minus the progressive regulatory and welfare state--i.e., nineteenth century robber baron capitalism.

But genuine markets have a value for the libertarian left, and we shouldn't concede the term to our enemies. In fact, capitalism--a system of power in which ownership and control are divorced from labor--could not survive in a free market. As a mutualist anarchist, I believe that expropriation of surplus value--i.e., capitalism--cannot occur without state



coercion to maintain the privilege of usurer, landlord, and capitalist. It was for this reason that the free market anarchist Benjamin Tucker--from whom right-libertarians selectively borrow--regarded himself as a libertarian socialist.

It is beyond my ability or purpose here to describe a world where a true market system could have developed without such state intervention. A world in which peasants had held onto their land and property was widely distributed, capital was freely available to laborers through mutual banks, productive technology was freely available in every country without patents, and every people was free to develop locally without colonial robbery, is beyond our imagination. But it would have been a world of decentralized, small-scale production for local use, owned and controlled by those who did the work--as different from our world as day from night, or freedom from slavery.

## THE SUBSIDY OF HISTORY

Accordingly, the single biggest subsidy to modern corporate capitalism is the subsidy of history, by which capital was originally accumulated in a few hands, and labor was deprived of access to the means of production and forced to sell itself on the buyer's terms. The current system of concentrated capital ownership and large-scale corporate organization is the direct beneficiary of that original structure of power and property ownership, which has perpetuated itself over the centuries.

For capitalism as we know it to come about, it was essential first of all for labor to be separated from property. Marxians and other radical economists commonly refer to the process as "primitive accumulation."

"What the capitalist system demanded was... a degraded and almost servile condition of the mass of the people, the transformation of them into mercenaries, and of their means of labor into capital." That meant expropriating the land, "to which the [peasantry] has the same feudal rights as the lord himself." [Marx, "Chapter 27: The Expropriation," Capital vol. 1]

To grasp the enormity of the process, we must understand that the nobility's rights in land under the manorial economy were entirely a feudal legal fiction deriving from conquest. The peasants who cultivated the land of England in 1650 were descendants of those who had occupied it since time immemorial. By any standard of morality, it was their property in every sense of the word. The armies of William the Conqueror, by no right other than force, had compelled these peasant proprietors to pay rent on their own land.

J. L. and Barbara Hammond treated the sixteenth century village and open field system as a survival of the free peasant society of Anglo-Saxon times, with landlordism superimposed on it. The gentry saw surviving peasant rights as a hindrance to progress and efficient farming; a revolution in their own power was a way of breaking peasant resistance. Hence the agricultural community was "taken to pieces ... and reconstructed in the manner in which a dictator reconstructs a free government." [The Village Labourer 27-28, 35-36].

When the Tudors gave expropriated monastic lands to the nobility, the latter "drove out, en masse, the hereditary sub tenants and threw their holdings into one." [Marx, "The Expropriation"]. This stolen land, about a fifth of the arable

land of England, was the first large-scale expropriation of the peasantry.

Another major theft of peasant land was the "reform" of land law by the seventeenth century Restoration Parliament. The aristocracy abolished feudal tenures and converted their own estate in the land, until then "only a feudal title," into "rights of modern private property." In the process, they abolished the tenure rights of copyholders. Copyholders were de jure tenants under feudal law, but once they paid a negligible quit-rent fixed by custom, the land was theirs to sell or bequeath. In substance copyhold tenure was a manorial equivalent of freehold; but since it derived from custom it was enforceable only in the manor courts. Under the "reform," tenants in copyhold became tenants at-will, who could be evicted or charged whatever rent their lord saw fit [Marx, "The Expropriation..."].

Another form of expropriation, which began in late medieval times and increased drastically in the eighteenth century, was the enclosure of commons--in which, again, the peasants communally had as absolute a right of property as any defended by today's "property rights" advocates. Not counting enclosures before 1700, the Hammonds estimated total enclosures in the eighteenth and nineteenth centuries at a sixth or a fifth of the arable land in England [Village Labourer 42]. E. J. Hobsbawm and George Rude estimated enclosures between 1750 and 1850 alone as transforming "something like one quarter of the cultivated acreage from open field, common land, meadow or waste into private fields...." [Captain Swing 27].

The ruling classes saw the peasants' right in commons as a source of economic independence from capitalist and landlord, and thus a threat to be destroyed. Enclosure

eliminated "a dangerous centre of indiscipline" and compelled workers to sell their labor on the masters' terms. Arthur Young, a Lincolnshire gentleman, described the commons as "a breeding-ground for 'barbarians,' 'nursing up a mischievous race of people'." "[E]very one but an idiot knows," he wrote, "that the lower classes must be kept poor, or they will never be industrious." The Commercial and Agricultural Magazine warned in 1800 that leaving the laborer "possessed of more land than his family can cultivate in the evenings" meant that "the farmer can no longer depend on him for constant work." [Thompson, *The Making of the English Working Class*, 219-220, 358]. Sir Richard Price commented on the conversion of self-sufficient proprietors into "a body of men who earn their subsistence by working for others." There would, "perhaps, be more labour, because there will be more compulsion to it." [Marx, "The Expropriation...."].

Marx cited parliamentary "acts of enclosure" as evidence that the commons, far from being the "private property of the great landlords who have taken the place of the feudal lords," actually required "a parliamentary coup d'état... for its transformation into private property." ["The Expropriation...."]. The process of primitive accumulation, in all its brutality, was summed up by the same author:

These new freedmen [i.e. former serfs] became sellers of themselves only after they had been robbed of all their own means of production, and of all the guarantees of existence afforded by the old feudal arrangements. And the history of this, their expropriation, is written in the annals of mankind in letters of blood and fire ["Chapter 26: The Secret of Primitive Accumulation," *Capital* Vol. 1].

Even then, the working class was not sufficiently powerless. The state had to regulate the movement of labor, serve as a labor exchange on behalf of capitalists, and maintain order. The system of parish regulation of the movement of people, under the poor laws and vagrancy laws, resembled the internal passport system of South Africa, or the reconstruction era Black Codes. It "had the same effect on the English agricultural labourer," Marx wrote, "as the edict of the Tartar Boris Godunov on the Russian peasantry." ["The Expropriation..."] Adam Smith ventured that there was "scarce a poor man in England of forty years of age... who has not in some part of his life felt himself most cruelly oppressed by this ill-contrived law of settle- ments." [Wealth of Nations 61].

The state maintained work discipline by keeping laborers from voting with their feet. It was hard to persuade parish authorities to grant a man a certificate entitling him to move to another parish to seek work. Workers were forced to stay put and bargain for work in a buyer's market [Smith 60-61].

At first glance this would seem to be inconvenient for parishes with a labor shortage [Smith 60]. Factories were built at sources of water power, generally removed from centers of population. Thousands of workers were needed to be imported from far away. But the state saved the day by setting itself up as a middleman in providing labor-poor parishes with cheap surplus labor from elsewhere, depriving workers of the ability to bargain for better terms. A considerable trade arose in child laborers who were in no position to bargain in any case [the Hammonds, *The Town Labourer* 1:146].

Relief "was seldom bestowed without the parish claiming the exclusive right of disposing, at their pleasure, of all the

children of the person receiving relief," in the words of the Committee on Parish Apprentices, 1815 [the Hammonds, Town Labourer 1:44, 147]. Even when Poor Law commissioners encouraged migration to labor-poor parishes, they discouraged adult men and "Preference was given to 'widows with large families of children or handi- craftsmen... with large families.'" In addition, the availability of cheap labor from the poor-law commissioners was deliberately used to drive down wages; farmers would discharge their own day-laborers and instead apply to the overseer for help [Thompson 223-224].

Although the Combination Laws theoretically applied to masters as well as workmen, in practice they were not enforced against the latter [Smith 61; the Hammonds, Town Labourer 1:74]. "A Journeyman Cotton Spinner"--a pamphleteer quoted by E. P. Thompson [pp. 199-202]--described "an abominable combination existing amongst the masters," in which workers who had left their masters because of disagreement over wages were effectively black-listed. The Combination Laws required suspects to answer interrogations on oath, empowered magistrates to give summary judgment, and allowed summary forfeiture of funds accumulated to aid the families of strikers [Town Labourer 123-127]. And the laws setting maximum rates of pay amounted to a state enforced system of combination for the masters. As Adam Smith put it, "[w]henever the legislature attempts to regulate the differences between the masters and their workmen, its counsellors are always the masters." [p. 61].

The working class lifestyle under the factory system, with its new forms of social control, was a radical break with the past. It involved drastic loss of control over their own work. The seventeenth century work calendar was still heavily influenced by medieval custom. Although there were long

days in spurts between planting and harvest, intermittent periods of light work and the proliferation of saints days combined to reduce average work-time well below our own. And the pace of work was generally determined by the sun or the biological rhythms of the laborer, who got up after a decent night's sleep, and sat down to rest when he felt like it. The cottager who had access to common land, even when he wanted extra income from wage labor, could take work on a casual basis and then return to working for himself. This was an unacceptable degree of independence from a capitalist standpoint.

In the modern world most people have to adapt themselves to some kind of discipline, and to observe other' people's timetables, ...or work under other people's orders, but we have to remember that the population that was flung into the brutal rhythm of the factory had earned its living in relative freedom, and that the discipline of the early factory was particularly savage.... No economist of the day, in estimating the gains or losses of factory employment, ever allowed for the strain and violence that a man suffered in his feelings when he passed from a life in which he could smoke or eat, or dig or sleep as he pleased, to one in which somebody turned the key on him, and for fourteen hours he had not even the right to whistle. It was like entering the airless and laughterless life of a prison [the Hammonds, Town Labourer 1:33-34].

The factory system could not have been imposed on workers without first depriving them of alternatives, and forcibly denying access to any source of economic independence. No unbroken human being, with a sense of freedom or dignity, would have submitted to factory discipline. Stephen Marglin compared the nineteenth century textile factory, staffed by pauper children bought at the workhouse slave market, to Roman brick and pottery factories which were manned by

slaves. In Rome, factory production was exceptional in manufactures dominated by freemen. The factory system, throughout history, has been possible only with a work force deprived of any viable alternative.

The surviving facts... strongly suggest that whether work was organized along factory lines was in Roman times determined, not by technological considerations, but by the relative power of the two producing classes. Freedmen and citizens had sufficient power to maintain a guild organization. Slaves had no power--and ended up in factories ["What Do Bosses Do?"].

The problem with the old "putting out" system, in which cottage workers produced textiles on a contractual basis, was that it only eliminated worker control of the product. The factory system, by eliminating worker control of the production process, had the advantage of discipline and supervision, with workers organized under an overseer.

The origin and success of the factory lay not in technological superiority, but in the substitution of the capitalist's for the worker's control of the work process and the quantity of output, in the change in the workman's choice from one of how much to work and produce, based on his preferences for leisure and goods, to one of whether or not to work at all, which of course is hardly much of a choice.

Marglin took Adam Smith's classic example of the division of labor in pin-making, and stood it on its head. The increased efficiency resulted, not from the division of labor as such, but from dividing and sequencing the process into separate tasks in order to reduce set-up time. This could have been accomplished by a single cottage workman separating the various tasks and then performing them sequentially (i.e.,



drawing out the wire for an entire run of production, then straightening it, then cutting it, etc.).

Without specialization, the capitalist had no essential role to play in the production process. If each producer could himself integrate the component tasks of pin manufacture into a marketable product, he would soon discover that he had no need to deal with the market for pins through the intermediation of the putter-outer. He could sell directly and appropriate to himself the profit that the capitalist derived from mediating between the producer and the market.

This principle is at the center of the history of industrial technology for the last two hundred years. Even given the necessity of factories for some forms of large-scale, capital-intensive manufacturing, there is usually a choice between alternate productive technologies within the factory. Industry has consistently chosen technologies which de-skill workers and shift decision-making upward into the managerial hierarchy. As long ago as 1835, Dr. Andrew Ure (the ideological grandfather of Taylorism and Fordism), argued that the more skilled the workman, "the more self-willed and... the less fit a component of a mechanical system" he became. The solution was to eliminate processes which required "peculiar dexterity and steadiness of hand... from the cunning workman" and replace them by a "mechanism, so self-regulating, that a child may superintend it." [Philosophy of Manufactures, in Thompson 360]. And the principle has been followed throughout the twentieth century. William Lazonick, David Montgomery, David Noble, and Katherine Stone have produced an excellent body of work on this theme. Even though corporate experiments in worker self-management increase morale and productivity, and reduce injuries and absenteeism, beyond the hopes of management, they are usually abandoned out of fear of loss of control.

Christopher Lasch, in his foreword to Noble's *America by Design*, characterized the process of de-skilling in this way:

The capitalist, having expropriated the worker's property, gradually expropriated his technical knowledge as well, asserting his own mastery over production....

The expropriation of the worker's technical knowledge had as a logical consequence the growth of modern management, in which technical knowledge came to be concentrated. As the scientific management movement split up production into its component procedures, reducing the worker to an appendage of the machine, a great expansion of technical and supervisory personnel took place in order to oversee the productive process as a whole [pp. xi-xii].

The expropriation of the peasantry and imposition of the factory labor system was not accomplished without resistance; the workers knew exactly what was being done to them and what they had lost. During the 1790s, when rhetoric from the Jacobins and Tom Paine were widespread among the radicalized working class, the rulers of "the cradle of liberty" lived in terror that the country would be swept by revolution. The system of police state controls over the population resembled an alien occupation regime. The Hammonds referred to correspondence between north-country magistrates and the Home Office, in which the law was frankly treated "as an instrument not of justice but of repression," and the working classes "appear[ed]... conspicuously as a helot population." [Town Labourer 72]

... in the light of the Home Office papers, ...none of the personal rights attaching to Englishmen possessed any reality for the working classes. The magistrates and their

clerks recognized no limit to their powers over the freedom and the movements of working men. The Vagrancy Laws seemed to supercede the entire charter of an Englishman's liberties. They were used to put into prison any man or woman of the working class who seemed to the magistrate an inconvenient or disturbing character. They offered the easiest and most expeditious way of proceeding against any one who tried to collect money for the families of locked-out workmen, or to disseminate literature that the magistrates thought undesirable [Ibid. 80].

Peel's "bobbies"--professional law enforcement--replaced the posse comitatus system because the latter was inadequate to control a population of increasingly disaffected workmen. In the time of the Luddite and other disturbances, crown officials warned that "to apply the Watch and Ward Act would be to put arms into the hands of the most powerfully disaffected." At the outset of the wars with France, Pitt ended the practice of quartering the army in alehouses, mixed with the general population. Instead, the manufacturing districts were covered with barracks, as "purely a matter of police." The manufacturing areas "came to resemble a country under military occupation." [Ibid. 91-92].

Pitt's police state was supplemented by quasi-private vigilantism, in the time-honored tradition of blackshirts and death squads ever since. For example the "Association for the Protection of Property against Republicans and Levellers"--an anti-Jacobin association of gentry and mill-owners--conducted house-to-house searches and organized Guy Fawkes-style effigy burnings against Paine; "Church and King" mobs terrorised suspected radicals [Chapter Five, "Planting the Liberty Tree," in Thompson].

Thompson characterized this system of control as "political and social apartheid," and argued that "the revolution which did not happen in England was fully as devastating" as the one that did happen in France [pp. 197-198].

Finally, the state aided the growth of manufactures through mercantilism. Modern exponents of the "free market" generally treat mercantilism as a "misguided" attempt to promote some unified national interest, adopted out of sincere ignorance of economic principles. In fact, the architects of mercantilism knew exactly what they were doing. Mercantilism was extremely efficient for its real purpose: making wealthy manufacturing interests rich at the expense of everyone else. Adam Smith consistently attacked mercantilism, not as a product of economic error, but as a quite intelligent attempt by powerful interests to enrich themselves through the coercive power of the state.

British manufacturing was created by state intervention to shut out foreign goods, give British shipping a monopoly of foreign commerce, and stamp out foreign competition by force. As an example of the latter, British authorities in India destroyed the Bengalese textile industry, makers of the highest quality fabric in the world. Although they had not adopted steam-driven methods of production, there is a real possibility that they would have done so, had India remained politically and economically independent. The once prosperous territory of Bengal is today occupied by Bangladesh and the Calcutta area [Chomsky, *World Orders Old and New*].

The American, German and Japanese industrial systems were created by the same mercantilist policies, with massive tariffs on industrial goods. "Free trade" was adopted by safely established industrial powers, who used "laissez-faire"

as an ideological weapon to prevent potential rivals from following the same path of industrialization. Capitalism has never been established by means of the free market, or even by the primary action of the bourgeoisie. It has always been established by a revolution from above, imposed by a pre-capitalist ruling class. In England, it was the landed aristocracy; in France, Napoleon II's bureaucracy; in Germany, the Junkers; in Japan, the Meiji. In America, the closest approach to a "natural" bourgeois evolution, industrialization was carried out by a mercantilist aristocracy of Federalist shipping magnates and landlords [Harrington, *Twilight of Capitalism*].

Romantic medievalists like Chesterton and Belloc described the process in the high middle ages by which serfdom had gradually withered away, and the peasants had transformed themselves into de facto freeholders who paid a nominal quit-rent. The feudal class system was disintegrating and being re-placed by a much more libertarian and less exploitative one. Immanuel Wallerstein argued that the likely outcome would have been "a system of relatively equal small-scale producers, further flattening out the aristocracies and decentralizing the political structures." By 1650 the trend had been reversed, and there was "a reasonably high level of continuity between the families that had been high strata" in 1450 and 1650. Capitalism, far from being "the overthrow of a backward aristocracy by a progressive bourgeoisie," "was brought into existence by a landed aristocracy which transformed itself into a bourgeoisie because the old system was disintegrating." [Historical Capitalism 41-42, 105-106]. This is echoed in part by Arno Mayer [The Persistence of the Old Regime], who argued for continuity between the landed aristocracy and the capitalist ruling class.

The process by which the high medieval civilization of peasant proprietors, craft guilds and free cities was overthrown, was vividly described by Kropotkin [Mutual Aid 225]. Before the invention of gunpowder, the free cities repelled royal armies more often than not, and won their independence from feudal dues. And these cities often made common cause with peasants in their struggles to control the land. The absolutist state and the capitalist revolution it imposed became possible only when artillery could reduce fortified cities with a high degree of efficiency, and the king could make war on his own people. And in the aftermath of this conquest, the Europe of William Morris was left devastated, depopulated, and miserable.

Peter Tosh had a song called "Four Hundred Years." Although the white working class has suffered nothing like the brutality of black slavery, there has nevertheless been a "four hundred years" of oppression for all of us under the system of state capitalism established in the seventeenth century. Ever since the birth of the first states six thousand years ago, political coercion has allowed one ruling class or another to live off other people's labor. But since the seventeenth century the system of power has become increasingly conscious, unified, and global in scale. The current system of transnational state capitalism, without rival since the collapse of the soviet bureaucratic class system, is a direct outgrowth of the seizure of power "four hundred years" ago. Orwell had it backwards. The past is a "boot smashing a human face." Whether the future is more of the same depends on what we do now.

## **IDEOLOGICAL HEGEMONY .**

Ideological hegemony is the process by which the exploited come to view the world through a conceptual framework provided to them by their exploiters. It acts first of all to conceal class conflict and exploitation behind a smokescreen of "national unity" or "general welfare." Those who point to the role of the state as guarantor of class privilege are denounced, in theatrical tones of moral outrage, for "class warfare." If anyone is so unpardonably "extremist" as to describe the massive foundation of state intervention and subsidy upon which corporate capitalism rests, he is sure to be rebuked for "Marxist class war rhetoric" (Bob Novak), or "robber baron rhetoric" (Treasury Secretary O'Neill).

The ideological framework of "national unity" is taken to the point that "this country," "society," or "our system of government" is set up as an object of gratitude for "the freedoms we enjoy." Only the most unpatriotic notice that our liberties, far from being granted to us by a generous and benevolent government, were won by past resistance against the state. Charters and bills of rights were not grants from the state, but were forced on the state from below.

If our liberties belong to us by right of birth, as a moral fact of nature, it follows that we owe the state no debt of gratitude for not violating them, any more than we owe our thanks to another individual for refraining from robbing or killing us. Simple logic implies that, rather than being grateful to "the freest country on earth," we should raise hell every time it infringes on our liberty. After all, that's how we got our liberty in the first place. When another individual puts his hand in our pocket to enrich himself at our expense, our natural instinct is to resist. But thanks to patriotism, the ruling class is able to transform their hand in our pocket into "society" or "our country."

The religion of national unity is most pathological in regard to "defense" and foreign policy. The manufacture of foreign crisis and war hysteria has been used since the beginning of history to suppress threats to class rule. The crooked politicians may work for the "special interests" domestically, but when those same politicians engineer a war it is a matter of loyalty to "our country."

The Chairman of the JCS, in discussing the "defense" posture, will refer with a straight face to "national security threats" faced by the U. S., and describe the armed forces of some official enemy like China as far beyond "legitimate defensive requirements." The quickest way to put oneself beyond the pale is to point out that all these "threats" involve what some country on the other side of the world is doing within a hundred miles of its own border. Another offense against fatherland worship is to judge the actions of the United States, in its global operations to keep the Third World safe for ITT and United Fruit Company, by the same standard of "legitimate defensive requirements" applied to China.

In the official ideology, America's wars by definition are always fought "for our liberties," to "defend our country," or in the smarmy world of Maudlin Albright, a selfless desire to promote "peace and freedom" in the world. To suggest that the real defenders of our liberties took up arms against the government, or that the national security state is a greater threat to our liberties than any foreign enemy we have ever faced, is unforgiveable. Above all, good Americans don't notice all those military advisers teaching death squads how to hack off the faces of union organizers and leave them in ditches, or to properly use pliers on a dissident's testicles. War crimes are only committed by defeated powers. (But as the Nazis learned in 1945, unemployed war criminals can usually find work with the new hegemonic power.)



After a century and a half of patriotic indoctrination by the statist education system, Americans have thoroughly internalized the "little red schoolhouse" version of American history. This authoritarian piety is so diametrically opposed to the beliefs of those who took up arms in the Revolution that the citizenry has largely forgotten what it means to be American. In fact, the authentic principles of Americanism have been stood on their head. Two hundred years ago, standing armies were feared as a threat to liberty and a breeding ground for authoritarian personalities; conscription was associated with the tyranny of Cromwell; wage labor was thought to be inconsistent with the independent spirit of a free citizen. Today, two hundred years later, Americans have been so Prussianized by sixty years of a garrison state and "wars" against one internal enemy or another, that they are conditioned to genuflect at the sight of a uniform. Draft dodgers are equivalent to child molesters. Most people work for some centralized corporate or state bureaucracy, where as a matter of course they are expected to obey orders from superiors, work under constant surveillance, and even piss in a cup on command.

During wartime, it becomes unpatriotic to criticize or question the government and dissent is identified with disloyalty. Absolute faith and obedience to authority is a litmus test of "Americanism." Foreign war is a very useful tool for manipulating the popular mind and keeping the domestic population under control. War is the easiest way to shift vast, unaccountable new powers to the State. People are most uncritically obedient at the very time they need to be most vigilant.

The greatest irony is that, in a country founded by revolution, "Americanism" is defined as respecting authority and resisting "subversion." The Revolution was a revolution

indeed, in which the domestic political institutions of the colonies were forcibly overthrown. It was, in many times and places, a civil war between classes. But as Voltairine de Cleyre wrote a century ago in "Anarchism and American Traditions," the version in the history books is a patriotic conflict between our "Founding Fathers" and a foreign enemy. Those who can still quote Jefferson on the right of revolution are relegated to the "extremist" fringe, to be rounded up in the next war hysteria or red scare.

This ideological construct of a unified "national interest" includes the fiction of a "neutral" set of laws, which conceals the exploitative nature of the system of power we live under. Under corporate capitalism the relationships of exploitation are mediated by the political system to an extent unknown under previous class systems. Under chattel slavery and feudalism, exploitation was concrete and personalized in the producer's relationship with his master. The slave and peasant knew exactly who was screwing them. The modern worker, on the other hand, feels a painful pounding sensation, but has only a vague idea where it is coming from.

Besides its function of masking the ruling class interests behind a facade of "general welfare," ideological hegemony also manufactures divisions between the ruled. Through campaigns against "welfare cheats" and "deadbeats," and demands to "get tough on crime," the ruling class is able to channel the hostility of the middle and working classes against the underclass.

Especially nauseating is the phenomenon of "billionaire populism." Calls for bankruptcy and welfare "reform," and for wars on crime, are dressed up in pseudo-populist rhetoric, identifying the underclass as the chief parasites who feed off

the producers' labor. In their "aw, shucks" symbolic universe, you'd think America was a Readers Digest/Norman Rockwell world with nothing but hard-working small businessmen and family farmers, on the one hand, and welfare cheats, deadbeats, union bosses and bureaucrats on the other. From listening to them, you'd never suspect that multi-billionaires or global corporations even exist, let alone that they might stand to benefit from such "populism."

In the real world, corporations are the biggest clients of the welfare state, the biggest bankruptcies are corporate chapter eleven filings, and the worst crimes are committed in corporate suites rather than on the streets. The real robbery of the average producer consists of profit and usury, extorted only with the help of the state--the real "big government" on our backs. But as long as the working class and the underclass are busy fighting each other, they won't notice who is really robbing them.

As Stephen Biko said, "The oppressors most powerful weapon is the mind of the oppressed."

## THE MONEY MONOPOLY.

In every system of class exploitation, a ruling class controls access to the means of production in order to extract tribute from labor. Under capitalism, access to capital is restricted by the money monopoly, by which the state or banking system is given a monopoly on the medium of exchange, and alternative media of exchange are prohibited. The money monopoly also includes entry barriers against cooperative banks and prohibitions against private issuance

of banknotes, by which access to finance capital is restricted and interest rates are kept artificially high.

Just in passing, we might mention the monumental hypocrisy of the regulation of credit unions in the United States, which require that their membership must share some common bond, like working for the same employer. Imagine the outrage if IGA and Safeway lobbied for a national law to prohibit grocery co-ops unless the members all worked for the same company! One of the most notable supporters of these laws is Phil Gramm, that renowned "free marketeer" and economics professor--and foremost among the banking industry's whores in Congress.

Individualist and mutualist anarchists like William Greene [Mutual Banking], Benjamin Tucker [Instead of a Book], and J. B. Robertson [The Economics of Liberty] viewed the money monopoly as central to the capitalist system of privilege. In a genuinely free banking market, any group of individuals could form a mutual bank and issue monetized credit in the form of bank notes against any form of collateral they chose, with acceptance of these notes as tender being a condition of membership. Greene speculated that a mutual bank might choose to honor not only marketable property as collateral, but the "pledging ... [of] future production." [p. 73]. The result would be a reduction in interest rates, through competition, to the cost of administrative overhead--less than one percent.

Abundant cheap credit would drastically alter the balance of power between capital and labor, and returns on labor would replace returns on capital as the dominant form of economic activity. According to Robinson,

Upon the monopoly rate of interest for money that is... forced upon us by law, is based the whole system of interest upon capital, that permeates all modern business.

With free banking, interest upon bonds of all kinds and dividends upon stock would fall to the minimum bank interest charge. The so-called rent of houses... would fall to the cost of maintenance and replacement.

All that part of the product which is now taken by interest would belong to the producer. Capital, however... defined, would practically cease to exist as an income producing fund, for the simple reason that if money, wherewith to buy capital, could be obtained for one-half of one per cent, capital itself could command no higher price [pp. 80-81].

And the result would be a drastically improved bargaining position for tenants and workers against the owners of land and capital. According to Gary Elkin, Tucker's free market anarchism carried certain inherent libertarian socialist implications:

It's important to note that because of Tucker's proposal to increase the bargaining power of workers through access to mutual credit, his so-called Individualist anarchism is not only compatible with workers' control but would in fact promote it. For if access to mutual credit were to increase the bargaining power of workers to the extent that Tucker claimed it would, they would then be able to (1) demand and get workplace democracy, and (2) pool their credit buy and own companies collectively.

The banking monopoly was not only the "lynchpin of capitalism," but also the seed from which the landlord's

monopoly grew. Without a money monopoly, the price of land would be much lower, and promote "the process of reducing rents toward zero." [Gary Elkin, "Benjamin Tucker--Anarchist or Capitalist"].

Given the worker's improved bargaining position, "capitalists' ability to extract surplus value from the labor of employees would be eliminated or at least greatly reduced." [Gary Elkin, Mutual Banking]. As compensation for labor approached value-added, returns on capital were driven down by market competition, and the value of corporate stock consequently plummeted, the worker would become a de facto co-owner of his workplace, even if the company remained nominally stockholder-owned.

Near-zero interest rates would increase the independence of labor in all sorts of interesting ways. For one thing, anyone with a twenty-year mortgage at 8% now could, in the absence of usury, pay it off in ten years. Most people in their 30s would have their houses paid off. Between this and the nonexistence of high-interest credit card debt, two of the greatest sources of anxiety to keep one's job at any cost would disappear. In addition, many workers would have large savings ("go to hell money"). Significant numbers would retire in their forties or fifties, cut back to part-time, or start businesses; with jobs competing for workers, the effect on bargaining power would be revolutionary.

Our hypothetical world of free credit in many ways resembles the situation in colonial societies. E. G. Wakefield, in *View of the Art of Colonization*, wrote of the unacceptably weak position of the employing class when self-employment with one's own property was readily available. In colonies, there was a tight labor market and poor labor discipline because of the abundance of cheap

land. "Not only does the degree of exploitation of the wage-labourer remain indecently low. The wage-labourer loses into the bargain, along with the relation of dependence, also the sentiment of dependence on the abstemious capitalist."

Where land is cheap and all men are free, where every one who so pleases can obtain a piece of land for himself, not only is labour very dear, as respects the labourers' share of the product, but the difficulty is to obtain combined labour at any price.

This environment also prevented the concentration of wealth, as Wakefield commented: "Few, even of those whose lives are unusually long, can accumulate great masses of wealth." As a result, colonial elites petitioned the mother country for imported labor and for restrictions on land for settlement. According to Wakefield's disciple Herman Merivale, there was an "urgent desire for cheaper and more subservient labourers--for a class to whom the capitalist might dictate terms, instead of being dictated to by them." [Maurice Dobb, *Studies in the Development of Capitalism*; Marx, Chapter 33: "The New Theory of Colonialism," in *Capital* Vol. 1].

In addition to all this, central banking systems perform additional service to the interests of capital. First of all, the chief requirement of finance capitalists is to avoid inflation, in order to allow predictable returns on investment. This is ostensibly the primary purpose of the Federal Reserve and other central banks. But at least as important is the role of the central banks in promoting what they consider a "natural" level of unemployment--until the 1990s around six per cent. The reason is that when unemployment goes much below this figure, labor becomes increasingly uppity and

presses for better pay and working conditions and more autonomy. Workers are willing to take a lot less crap off the boss when they know they can find a job at least as good the next day. On the other hand, nothing is so effective in "getting your mind right" as the knowledge that people are lined up to take your job.

The Clinton "prosperity" is a seeming exception to this principle. As unemployment threatened to drop below the four per cent mark, some members of the Federal Reserve agitated to raise interest rates and take off the "inflationary" pressure by throwing a few million workers on the street. But as Greenspan [Testimony of Chairman Alan Greenspan] testified before the Senate Banking Committee, the situation was unique. Given the degree of job insecurity in the high-tech economy, there was "[a]typical restraint on compensation increases." In 1996, even with a tight labor market, 46% of workers at large firms were fearful of layoffs--compared to only 25% in 1991, when unemployment was much higher.

The reluctance of workers to leave their jobs to seek other employment as the labor market tightened has provided further evidence of such concern, as has the tendency toward longer labor union contracts. For many decades, contracts rarely exceeded three years. Today, one can point to five- and six-year contracts--contracts that are commonly characterized by an emphasis on job security and that involve only modest wage increases. The low level of work stoppages of recent years also attests to concern about job security.

Thus the willingness of workers in recent years to trade off smaller increases in wages for greater job security seems to be reasonably well documented. For the bosses, the high-



tech economy is the next best thing to high unemployment for keeping our minds right. "Fighting inflation" translates operationally to increasing job insecurity and making workers less likely to strike or to look for new jobs.

## PATENTS.

The patent privilege has been used on a massive scale to promote concentration of capital, erect entry barriers, and maintain a monopoly of advanced technology in the hands of western corporations. It is hard even to imagine how much more decentralized the economy would be without it. Right-libertarian Murray Rothbard considered patents a fundamental violation of free market principles.

The man who has not bought a machine and who arrives at the same invention independently, will, on the free market, be perfectly able to use and sell his invention. Patents prevent a man from using his invention even though all the property is his and he has not stolen the invention, either explicitly or implicitly, from the first inventor. Patents, therefore, are grants of exclusive monopoly privilege by the State and are invasions of property rights on the market. [Man, Economy, and State vol. 2 p. 655]

Patents make an astronomical price difference. Until the early 1970s, for example, Italy did not recognize drug patents. As a result, Roche Products charged the British national health a price over 40 times greater for patented components of Librium and Valium than charged by competitors in Italy [Raghavan, Recolonization p. 124].

Patents suppress innovation as much as they encourage it. Chakravarthi Raghavan pointed out that research scientists who actually do the work of inventing are required to sign over patent rights as a condition of employment, while patents and industrial security programs prevent sharing of information, and suppress competition in further improvement of patented inventions. [op. cit. p. 118] Rothbard likewise argued that patents eliminate "the competitive spur for further research" because incremental innovation based on others' patents is prohibited, and because the holder can "rest on his laurels for the entire period of the patent," with no fear of a competitor improving his invention. And they hamper technical progress because "mechanical inventions are discoveries of natural law rather than individual creations, and hence similar independent inventions occur all the time. The simultaneity of inventions is a familiar historical fact." [op. cit. pp. 655, 658-659].

The intellectual property regime under the Uruguay Round of GATT goes far beyond traditional patent law in suppressing innovation. One benefit of traditional patent law, at least, was that it required an invention under patent to be published. Under U.S. pressure, however, "trade secrets" were included in GATT. As a result, governments will be required to help suppress information not formally protected by patents [Raghavan, op. cit. p. 122].

And patents are not necessary as an incentive to innovate. According to Rothbard, invention is rewarded by the competitive advantage accruing to the first developer of an idea. This is borne out by F. M. Scherer's testimony before the FTC in 1995 [Hearings on Global and Innovation-Based Competition]. Scherer spoke of a survey of 91 companies in which only seven "accorded high significance to patent protection as a factor in their R & D investments." Most of them described patents as "the least important of

considerations." Most companies considered their chief motivation in R & D decisions to be "the necessity of remaining competitive, the desire for efficient production, and the desire to expand and diversify their sales." In another study, Scherer found no negative effect on R & D spending as a result of compulsory licensing of patents. A survey of U.S. firms found that 86% of inventions would have been developed without patents. In the case of automobiles, office equipment, rubber products, and textiles, the figure was 100%.

The one exception was drugs, in which 60% supposedly would not have been invented. I suspect disingenuousness on the part of the respondents, however. For one thing, drug companies get an unusually high portion of their R & D funding from the government, and many of their most lucrative products were developed entirely at government expense. And Scherer himself cited evidence to the contrary. The reputation advantage for being the first into a market is considerable. For example in the late 1970s, the structure of the industry and pricing behavior was found to be very similar between drugs with and those without patents. Being the first mover with a non-patented drug allowed a company to maintain a 30% market share and to charge premium prices.

The injustice of patent monopolies is exacerbated by government funding of research and innovation, with private industry reaping monopoly profits from technology it didn't spend a penny to develop. In 1999, extending the research and experimentation tax credit was, along with extensions of a number of other corporate tax preferences, considered the most urgent business of the Congressional leadership. Hastert, when asked if any elements of the tax bill were essential, said: "I think the [tax preference] extenders are something we're going to have to work on."

Ways and Means Chair Bill Archer added, "before the year is out... we will do the extenders in a very stripped down bill that doesn't include anything else." A five-year extension of the research and experimentation credit (retroactive to 1 July 1999) was expected to cost \$13.1 billion. (That credit makes the effective tax rate on R & D spending less than zero.) [Citizens for Tax Justice, GOP Leaders Distill Essence of Tax Plan].

The Government Patent Policy Act of 1980, with 1984 and 1986 amendments, allowed private industry to keep patents on products developed with government R & D money--and then to charge ten, twenty, or forty times the cost of production. For example, AZT was developed with government money and in the public domain since 1964. The patent was given away to Burroughs Wellcome Corp. [Chris Lewis, "Public Assets, Private Profits"].

As if the deck were not sufficiently stacked already, the pharmaceutical companies in 1999 actually lobbied Congress to extend certain patents by two years by a special act of private law [Benjamin Grove, "Gibbons backs drug-monopoly bill"].

Patents have been used throughout the twentieth century "to circumvent antitrust laws," according to David Noble. They were "bought up in large numbers to suppress competition," which also resulted in "the suppression of invention itself." [America by Design, pp. 84-109]. Edwin Prindle, a corporate patent lawyer, wrote in 1906:

Patents are the best and most effective means of controlling competition. They occasionally give absolute command of the market, enabling their owner to name the price without

regard to the cost of production.... Patents are the only legal form of absolute monopoly [America by Design p. 90].

Patents played a key role in the formation of the electrical appliance, communications, and chemical industries. G. E. and Westinghouse expanded to dominate the electrical manufacturing market at the turn of the century largely through patent control. In 1906 they curtailed the patent litigation between them by pooling their patents. AT&T also expanded "primarily through strategies of patent monopoly." The American chemical industry was marginal until 1917, when Attorney-General Mitchell Palmer seized German patents and distributed them among the major American chemical companies. DuPont got licenses on 300 of the 735 patents [America by Design pp. 10, 16].

Patents are also being used on a global scale to lock the transnational corporations into a permanent monopoly of productive technology. The single most totalitarian provision of the Uruguay Round is probably its "intellectual property" provisions. GATT has extended both the scope and duration of patents far beyond anything ever envisioned in original patent law. In England, patents were originally for fourteen years--the time needed to train two journeymen in succession (and by analogy, the time necessary to go into production and reap the initial profit for originality). By that standard, given the shorter training times required today, and the shorter lifespan of technology, the period of monopoly should be shorter. Instead, the U.S. seeks to extend them to fifty years [Raghavan, Recolonization pp. 119-120]. According to Martin Khor Kok Peng, the U.S. is by far the most absolutist of the participants in the Uruguay Round. Unlike the European Community, and for biological processes for animal and plant protection [The Uruguay Round and Third World Sovereignty p. 28].

The provisions for biotech are really a way of increasing trade barriers, and forcing consumers to subsidize the TNCs engaged in agribusiness. The U.S. seeks to apply patents to genetically-modified organisms, effectively pirating the work of generations of Third World breeders by isolating beneficial genes in traditional varieties and incorporating them in new GMOs--and maybe even enforcing patent rights against the traditional variety which was the source of the genetic material. For example Monsanto has attempted to use the presence of their DNA in a crop as prima facie evidence of pirating--when it is much more likely that their variety cross-pollinated and contaminated the farmer's crop against his will. The Pinkerton agency, by the way, plays a leading role in investigating such charges--that's right, the same folks who have been breaking strikes and kicking organizers down stairs for the past century. Even jack-booted thugs have to diversify to make it in the global economy.

The developed world has pushed particularly hard to protect industries relying on or producing "generic technologies," and to restrict diffusion of "dual use" technologies. The U. S.-Japanese trade agreement on semi-conductors, for example, is a "cartel-like, 'managed trade' agreement." So much for "free trade." [Dieter Ernst, "Technology, Economic Security and Latecomer Industrialization," in Raghavan Pp. 39-40].

Patent law traditionally required a holder to work the invention in a country in order to receive patent protection. U.K. law allowed compulsory licensing after three years if an invention was not being worked, or being worked fully, and demand was being met "to a substantial extent" by importation; or where the export market was not being supplied because of the patentee's refusal to grant licenses on reasonable terms [Raghavan pp. 120, 138].

The central motivation in the GATT intellectual property regime, however, is to permanently lock in the collective monopoly of advanced technology by TNCs, and prevent independent competition from ever arising in the Third World. It would, as Martin Khor Kok Peng writes, "effectively prevent the diffusion of technology to the Third World, and would tremendously increase monopoly royalties of the TNCs whilst curbing the potential development of Third World technology." Only one percent of patents worldwide are owned in the Third World. Of patents granted in the 1970s by Third World countries, 84% were foreign-owned. But fewer than 5% of foreign-owned patents were actually used in production. As we saw before, the purpose of owning a patent is not necessarily to use it, but to prevent anyone else from using it [op. cit. pp. 29-30].

Raghavan summed up nicely the effect on the Third World:

Given the vast outlays in R and D and investments, as well as the short life cycle of some of these products, the leading Industrial Nations are trying to prevent emergence of competition by controlling... the flows of technology to others. The Uruguay round is being sought to be used to create export monopolies for the products of Industrial Nations, and block or slow down the rise of competitive rivals, particularly in the newly industrializing Third World countries. At the same time the technologies of senescent industries of the north are sought to be exported to the South under conditions of assured rentier income [op. cit. p. 96].

Corporate propagandists piously denounce anti-globalists as enemies of the Third World, seeking to use trade barriers to maintain an affluent Western lifestyle at the expense of the poor nations. The above measures--trade barriers--to

permanently suppress Third World technology and keep the South as a big sweatshop, give the lie to this "humanitarian" concern. This is not a case of differing opinions, or of sincerely mistaken understanding of the facts. Setting aside false subtleties, what we see here is pure evil at work--Orwell's "boot stamping on a human face forever." If any architects of this policy believe it to be for general human well-being, it only shows the capacity of ideology to justify the oppressor to himself and enable him to sleep at night.

INFRASTRUCTURE. Spending on transportation and communications networks from general revenues, rather than from taxes and user fees, allows big business to "externalize its costs" on the public, and conceal its true operating expenses. Chomsky described this state capitalist underwriting of shipping costs quite accurately:

One well-known fact about trade is that it's highly subsidized with huge market-distorting factors.... The most obvious is that every form of transport is highly subsidized.... Since trade naturally requires transport, the costs of transport enter into the calculation of the efficiency of trade. But there are huge subsidies to reduce the costs of transport, through manipulation of energy costs and all sorts of market-distorting functions ["How Free is the Free Market?"].

Every wave of concentration of capital has followed a publicly subsidized infrastructure system of some sort. The national railroad system, built largely on free or below-cost land donated by the government, was followed by concentration in heavy industry, petrochemicals, and finance. The next major infrastructure projects were the



national highway system, starting with the system of designated national highways in the 1920s and culminating with Eisenhower's interstate system; and the civil aviation system, built almost entirely with federal money. The result was massive concentration in retail, agriculture, and food processing.

The third such project was the infrastructure of the worldwide web, originally built by the Pentagon. It permits, for the first time, direction of global operations in real time from a single corporate headquarters, and is accelerating the concentration of capital on a global scale. To quote Chomsky again, "The telecommunications revolution... is... another state component of the international economy that didn't develop through private capital, but through the public paying to destroy themselves...." [Class Warfare p. 40].

The centralized corporate economy depends for its existence on a shipping price system which is artificially distorted by government intervention. To fully grasp how dependent the corporate economy is on socializing transportation and communications costs, imagine what would happen if truck and aircraft fuel were taxed enough to pay the full cost of maintenance and new building costs on highways and airports; and if fossil fuels depletion allowances were removed. The result would be a massive increase in shipping costs. Does anyone seriously believe that Wal-Mart could continue to undersell local retailers, or corporate agribusiness could destroy the family farm?

Intellectually honest right libertarians freely admit as much. For example, Tiber Machan wrote in *The Freeman* that

Some people will say that stringent protection of rights [against eminent domain] would lead to small airports, at best, and many constraints on construction. Of course--but what's so wrong with that?

Perhaps the worst thing about modern industrial life has been the power of political authorities to grant special privileges to some enterprises to violate the rights of third parties whose permission would be too expensive to obtain. The need to obtain that permission would indeed seriously impede what most environmentalists see as rampant--indeed reckless--industrialization.

The system of private property rights--in which... all... kinds of... human activity must be conducted within one's own realm except where cooperation from others has been gained voluntarily--is the greatest moderator of human aspirations.... In short, people may reach goals they aren't able to reach with their own resources only by convincing others, through arguments and fair exchanges, to cooperate ["On Airports and Individual Rights"].

The logjams and bottlenecks in the transportation system are an inevitable result of subsidies. Those who debate the reason for planes stacked up at O'Hare airport, or decry the fact that highways and bridges are deteriorating several times faster than repairs are being budgeted, need only read an economics 101 text. Market prices are signals that relate supply to demand. When subsidies distort these signals, the consumer does not perceive the real cost of producing the goods he consumes. The "feedback loop" is broken, and demands on the system overwhelm it beyond its ability to respond. When people don't have to pay the real cost of something they consume, they aren't very careful about only using what they need.

It is interesting that every major antitrust action in this century has involved either some basic energy resource, or some form of infrastructure, on which the overall economy depends. Standard Oil, AT&T, and Microsoft were all cases in which monopoly price gouging was a danger to the economy as a whole. This brings to mind Engels' observation that advanced capitalism would reach a stage where the state--"the official representative of capitalist society"--would have to convert "the great institutions for intercourse and communication" into state property. Engels did not foresee the use of antitrust actions to achieve the same end [Anti-Duhring].

## "MILITARY KEYNESIANISM".

The leading sectors of the economy, including cybernetics, communications, and military industry, have their sales and profits virtually guaranteed by the state. The entire manufacturing sector, as a whole, was permanently expanded beyond recognition by an infusion of federal money during World War II. In 1939 the entire manufacturing plant of the U.S. was valued at \$40 billion. By 1945, another \$26 billion worth of plant and equipment had been built, "two thirds of it paid for directly from government funds." The top 250 corporations in 1939 owned 65% of plant and equipment, but during the war operated 79% of all new facilities built with government funds [Mills, The Power Elite p. 101].

Machine tools were vastly expanded by the war. In 1940, 23% of machine tools in use were less than 10 years old. By 1945, the figure had grown to 62%. The industry contracted

rapidly after 1945, and would probably have gone into a depression, had it not returned to wartime levels of output during Korea and remained that way throughout the Cold War. The R & D complex, likewise, was a creation of the war. Between 1939 and 1945, the share of AT&T research expenditures made up of government contracts expanded from 1% to 83%. Over 90% of the patents resulting from government-funded wartime research were given away to industry. The modern electronics industry was largely a product of World War II and Cold War spending (e.g., miniaturization of circuits for bomb proximity fuses, high capacity computers for command and control, etc.) [Noble, Forces of Production pp. 8-16].

The jumbo jet industry would never have come about without continuous Cold War levels of military spending. The machine tools needed for producing large aircraft were so complex and expensive that no "small peacetime orders" would have provided a sufficient production run to pay for them. Without large military orders, they would simply not have existed. The aircraft industry quickly spiraled into red ink after 1945, and was near bankruptcy at the beginning of the 1948 war scare, after which Truman restored it to life with massive spending. By 1964, 90% of aerospace R & D was funded by the government, with massive spillover into the electronics, machine tool, and other industries [Noble, Forces of Production pp. 6-7; Kofsky, Harry S. Truman and the War Scare of 1948].

## OTHER SUBSIDIES.

Infrastructure and military spending are not the only examples of the process by which cost and risk are

socialized, and profit is privatized--or, as Rothbard put it, by which "our corporate state uses the coercive taxing power either to accumulate corporate capital or to lower corporate costs." ["Confessions of a Right-Wing Liberal"]. Some of these government assumptions of risk and cost are ad hoc and targeted toward specific industries.

Among the greatest beneficiaries of such underwriting are electrical utilities. Close to 100% of all research and development for nuclear power is either performed by the government itself, in its military reactor program, or by lump-sum R & D grants; the government waives use-charges for nuclear fuels, subsidizes uranium production, provides access to government land below market price (and builds hundreds of miles of access roads at taxpayer expense), enriches uranium, and disposes of waste at sweetheart prices. The Price-Anderson Act of 1957 limited the liability of the nuclear power industry, and assumed government liability above that level [Adams and Brock pp. 279-281]. A Westinghouse official admitted in 1953,

If you were to inquire whether Westinghouse might consider putting up its own money., we would have to say "No." The cost of the plant would be a question mark until after we built it and, by that sole means, found out the answer. We would not be sure of successful plant operation until after we had done all the work and operated successfully.... This is still a situation of pyramiding uncertainties.... There is a distinction between risk-taking and recklessness [Ibid. pp. 278-279].

So much for profit as a reward for the entrepreneur's risk. These "entrepreneurs" make their profits in the same way as a seventeenth-century courtier, by obtaining the favor of the king. To quote Chomsky,

the sectors of the economy that remain competitive are those that feed from the public trough.... The glories of Free Enterprise provide a useful weapon against government policies that might benefit the general population.... But the rich and powerful... have long appreciated the need to protect themselves from the destructive forces of free-market capitalism, which may provide suitable themes for rousing oratory, but only so long as the public handout and the regulatory and protectionist apparatus are secure, and state power is on call when needed (Chomsky, *Deterring Democracy* p. 144).

Dwayne Andreas, the CEO of Archer Daniels Midland, admitted that "[t]here is not one grain of anything in the world that is sold in the free market. Not one. The only place you see a free market is in the speeches of politicians." [Don Carney, "Dwayne's World"].

Big business also enjoys financial support through the tax code. It is likely that most of the Fortune 500 would go bankrupt without corporate welfare. Direct federal tax breaks to business in 1996 were close to \$350 billion [Based on my crunching on numbers in Zepezauer and Naiman, *Take the Rich Off- Welfare*]. This figure, for federal corporate welfare alone, is over two-thirds of annual corporate profits for 1996 (\$460 billion) [Statistical Abstract of the United States 1996].

Estimates of state and local tax breaks is fairly impressionistic, since they vary not only with each critic's subjective definition of "corporate welfare," but involve the tax codes of fifty states and the public records of thousands of municipalities. Besides money pimps in the state and local governments are embarrassed by the sweet deals they give their corporate johns. In my own state of Arkansas, the

incorruptible Baptist preacher who serves as governor opposed a bill to require quarterly public reports from the Department of Economic Development on its special tax breaks to businesses. "[K]eeping incentive records from public scrutiny is important in attracting business," and releasing "proprietary information" could have a "chilling effect." [Arkansas Democrat-Gazette 3 Feb. 2001]. But state and local corporate welfare could easily amount to a figure com- parable to federal.

Taken as a whole, direct tax breaks to business at all levels of government are probably on the same order of magnitude as corporate profits. And this understates the effect of corporate welfare, since it disproportionately goes to a handful of giant firms in each industry. For example, accelerated depreciation favors expansion by existing firms. New firms find it of little benefit, since they are likely to lose money their first few years. An established firm, however, can run a loss in a new venture and charge the accelerated depreciation against its profits on old facilities [Baratz, "Corporate Giants and the Power Structure"].

The most outrageous of these tax expenditures is the subsidy to the actual financial transactions by which capital is concentrated. The interest deduction on corporate debt, most of which was run up on leveraged buyouts and acquisitions, costs the treasury over \$200 billion a year [Zepezauer p. 122-123]. Without this deduction, the wave of mergers in the 1980s, or the megamergers of the 1990s, could never have taken place. On top of everything else, this acts as a massive direct subsidy to banking, increasing the power of finance capital in the corporate economy to a level greater than it has been since the Age of Morgan.

A closely related subsidy is the exemption from capital gains of securities transactions involved in corporate mergers (i.e.

"stock swaps")--even though premiums are usually paid well over the market value of the stock [Green p. 11]. The 1986 tax reform included a provision which prevented corporations from deducting fees for investment 'banks and advisers involved in leveraged buyouts. The 1996 minimum wage increase repealed this provision, with one exception: interest deductions were removed for employee buyouts [Judis, "Bare Minimum"].

Right libertarians like Rothbard object to classifying tax expenditures as subsidies. It presumes that tax money rightfully belongs to the govern- ment, when in fact the government is only letting them keep what is rightfully theirs. The tax code is indeed unfair, but the solution is to elim- inate the taxes for everyone, not to level the code up [Rothbard, Power and Market p. 104]. This is a very shaky argument. Supporters of tax code reform in the 1980s insisted that the sole legitimate purpose of taxation was to raise revenue, not to provide carrots and sticks for social engineering purposes. And, semantic quibbling aside, the current tax system would be exactly the same if we started out with zero tax rates and then imposed a punitive tax only on those not engaged in favored activities. Either way, the uneven tax policy gives a competitive advantage to privileged industries.

## POLITICAL REPRESSION.

In times of unusual popular consciousness and mobilization, when the capitalist system faces grave political threats, the state resorts to repression until the danger is past. The major such waves in this country--the Haymarket reaction, and the red scares after the world wars--are recounted by Goldstein



[Political Repression in Modern America]. But the wave of repression which began in the 1970s, though less intense, has been permanently institutionalized to a unique extent.

Until the late 1960s, elite perspective was governed by the New Deal social contract. The corporate state would buy stability and popular acquiescence in imperialist exploitation abroad by guaranteeing a level of prosperity and security to the middle class. In return for higher wages, unions would enforce management control of the workplace. But starting during the Vietnam era, the elite's thinking underwent a profound change.

They concluded from the 1960s experience that the social contract had failed. In response to the antiwar protests and race riots, LBJ and Nixon began to create an institutional framework for martial law, to make sure that any such disorder in the future could be dealt with differently. Johnson's operation GARDEN PLOT involved domestic surveillance by the military, contingency plans for military cooperation with local police in suppressing disorder in all fifty states, plans for mass preventive detention, and joint exercises of police and the regular military [Morales, U.S. Military Civil Disturbance Planning]. Governor Reagan and his National Guard chief Louis Giuffrida were enthusiastic supporters of GARDEN PLOT exercises in California. Reagan was also a pioneer in creating quasi-military SWAT teams, which now exist in every major town.

The wave of wildcat strikes in the early 1970s showed that organized labor could no longer keep its part of the bargain, and that the social contract should be reassessed. At the same time, the business press was flooded with articles on the impending "capital shortage," and calls for shifting resources from consumption to capital accumulation. They

predicted frankly that a cap on real wages would be hard to force on the public in the existing political environment [Boyte, Backyard Revolution pp. 13-16]. This sentiment was expressed by Huntington et al. in *The Crisis of Democracy* (a paper for the Trilateral Institution--a good proxy for elite thinking); they argued that the system was collapsing from demand overload, because of an excess of democracy.

Corporations embraced the full range of union-busting possibilities in Taft-Hartley, risking only token fines from the NLRB. They drastically increased management resources devoted to workplace surveillance and control, a necessity because of discontent from stagnant wages and mounting workloads [Fat and Mean]. Wages as a percentage of value added have declined drastically since the 1970s; all increases in labor productivity have been channelled into profit and investment, rather than wages. A new Cold War military buildup further transferred public resources to industry.

A series of events like the fall of Saigon, the nonaligned movement, and the New International Economic Order were taken as signs that the transnational corporate empire was losing control. Reagan's escalating intervention in Central America was a partial response to this perception. But more importantly the Uruguay Round of GATT snatched total victory from the jaws of defeat; it ended all barriers to TNCs buying up entire economies, locked the west into monopoly control of modern technology, and created a world government on behalf of global corporations.

In the meantime the U.S. was, in the words of Richard K. Moore, importing techniques of social control from the imperial periphery to the core area. With the help of the

Drug War and the National Security State, the apparatus of repression continued to grow. The Drug War has turned the Fourth Amendment into toilet paper; civil forfeiture, with the aid of jailhouse snitches, gives police the power to steal property without ever filing charges--a lucrative source of funds for helicopters and kevlar vests. SWAT teams have led to the militarization of local police forces, and cross-training with the military has led many urban police departments to view the local population as an occupied enemy [Weber, Warrior Cops].

Reagan's crony Giuffrida resurfaced as head of FEMA, where he worked with Oliver North to fine-tune GARDEN PLOT. North, as the NSC liaison with FEMA from 1982-84, developed a plan "to suspend the constitution in the event of a national crisis, such as nuclear war, violent and widespread internal dissent or national opposition to a U.S. military invasion abroad." [Chardy, "Reagan Aides and the 'Secret' Government"]. GARDEN PLOT, interestingly, was implemented during the Rodney King Riots and in recent anti-globalization protests. Delta Force provided intelligence and advice in those places and at Waco [Rosenberg, The Empire Strikes Back; Cockburn, The Jackboot State].

Another innovation is to turn everyone we deal with into a police agent. Banks routinely report "suspicious" movements of cash; under "know your customer" programs, retailers report purchases of items which can conceivably be used in combination to manufacture drugs; libraries come under pressure to report on readers of "subversive" material; DARE programs turn kids into police informers.

Computer technology has increased the potential for surveillance to Orwellian levels. Pentium III processors were revealed to embed identity codes in every document written

on them. Police forces are experimenting with combinations of public cameras, digital face-recognition technology, and databases of digital photos. Image Data LLC, a company in the process of buying digital drivers licence photos from all fifty states, was exposed as a front for the Secret Service.

## CONCLUSION.

It is almost too easy to bring back Bob Novak and Secretary O'Neill for another kick--but I can't resist. "Marxist class warfare?" "Robber baron rhetoric?" Well, the pages above recount the "class warfare" waged by the robber barons themselves. If their kind tend to squeal like pigs when we talk about class, it's because they've been stuck. But all the squealing in the world won't change the facts.

But what are the implications of the above facts for our movement? It is commonly acknowledged that the manorial economy was founded on force. Although you will never see the issue addressed by Milton Friedman, intellectually honest right libertarians like Rothbard acknowledge the role of the state in creating European feudalism and American slavery. Rothbard, drawing the obvious conclusion from this fact, acknowledged the right of peasants or freed slaves to take over their "forty acres and a mule" without compensation to the landlord.

But we have seen that industrial capitalism, to the same extent as manorialism or slavery, was founded on force. Like its predecessors, capitalism could not have survived at any point in its history without state intervention. Coercive state measures at every step have denied workers access to

capital, forced them to sell their labor in a buyer's market, and protected the centers of economic power from the dangers of the free market. To quote Benjamin Tucker again, landlords and capitalists cannot extract surplus value from labor without the help of the state. The modern worker, like the slave or the serf, is the victim of ongoing robbery; he works in an enterprise built from past stolen labor. By the same principles that Rothbard recognized in the agrarian realm, the modern worker is justified in taking direct control of production, and keeping the entire product of his labor.

In a very real sense, every subsidy and privilege described above is a form of slavery. Slavery, simply put, is the use of coercion to live off of someone else's labor. For example, consider the worker who pays \$300 a month for a drug under patent, that would cost \$30 in a free market. If he is paid \$15 an hour, the eighteen hours he works every month to pay the difference are slavery. Every hour worked to pay usury on a credit card or mortgage is slavery. The hours worked to pay unnecessary distribution and marketing costs (comprising half of retail prices), because of subsidies to economic centralization, is slavery. Every additional hour someone works to meet his basic needs, because the state tilts the field in favor of the bosses and forces him to sell his labor for less than it is worth, is slavery.

All these forms of slavery together probably amount to half our working hours. If we kept the full value of our labor, we could probably maintain current levels of consumption with a work week of twenty hours. As Bill Haywood said, for every man who gets a dollar he didn't sweat for, someone else sweated to produce a dollar he never received.

Our survey also casts doubt on the position of "anarchist" social democrat Noam Chomsky, who is notorious for his

distinction between "visions" and "goals." His long-term vision is a decentralized society of self-governing communities and workplaces, loosely federated together--the traditional anarchist vision. His immediate goal, however, is to strengthen the regulatory state in order to break up "private concentrations of power," before anarchism can be achieved. But if, as we have seen, capitalism is dependent on the state to guarantee its survival, it follows that it is sufficient to eliminate the state props to capitalism. In a letter of 4 September 1867, Engels aptly summed up the difference between anarchists and state socialists: "They say 'abolish the state and capital will go to the devil.' We propose the reverse." Exactly.

## SOURCES

Morton S. Baratz. "Corporate Giants and the Power Structure," in Richard Gillam, ed., *Power in Postwar America* (Boston: Little, Brown, and Co., 1971).

Harry C. Boyte. *The Backyard Revolution: Understanding the New Citizen Movement* (Philadelphia: Temple University Press, 1980).

Don Carney. "Dwayne's World," at [http://www.motherjones.com/mother\\_jones/JA95/carney.html](http://www.motherjones.com/mother_jones/JA95/carney.html)

Alfonso Chardy. "Reagan Aides and the 'Secret' Government" *Miami Herald* 5 July 1987, at [http://www.totse.com/en/conspiracy/the\\_new\\_world\\_order/scrtgovt.html](http://www.totse.com/en/conspiracy/the_new_world_order/scrtgovt.html)

Noam Chomsky. *Class Warfare: Interviews with David Barsamian* (Monroe, Maine: Common Courage Press, 1996)

Chomsky. How Free is the Free Market? Resurgence no. 173.  
[http://www.oneworld.org/second\\_opinion/chomsky.html](http://www.oneworld.org/second_opinion/chomsky.html)

Chomsky. World Orders Old and New (New York: Columbia University Press, 1998).

Citizens for Tax Justice. "GOP Leaders Distill Essence of Tax Plan: Surprise! It's Corporate Welfare" 14 September 1999, at <http://www.ctj.org/pdf/corp0999.pdf>

Alexander Cockburn. "The Jackboot State: The War Came Home and We're Losing It" Counterpunch 10 May 2000, at <http://www.counterpunch.org/jackboot.html>

Maurice Dobbs. Studies in the Development of Capitalism (London: Routledge and Kegan Paul, Ltd, 1963).

Gary Elkin. Benjamin Tucker--Anarchist or Capitalist? at [http://flag.blackened.net/davo/anarchism/tucker/an\\_or\\_cap.html](http://flag.blackened.net/davo/anarchism/tucker/an_or_cap.html)

Elkin. Mutual Banking. available through <http://www.subsitu.com>

Friedrich Engels. Anti-Duhring. Marx and Engels, Collected Works v. 25 (New York: International Publishers, 1987).

Edgar Friedenberg. The Disposal of Liberty and Other Industrial Wastes (Garden City, N.Y.: Anchor, 1976).

Robert Goldstein. Political Repression in America: 1870 to the Present (Cambridge, New York: Schenkman Publishing Co', 1978).

David M. Gordon. Fat and Mean: The Corporate Squeeze of Working Americans and the Myth of Management Downsizing (New York: The Free Press, 1996).

William B. Greene. Mutual Banking (New York: Gordon Press, 1849, 1974).

Benjamin Grove. "Gibbons Backs Drug Monopoly Bill," Las Vegas Sun 18 February 2000, at

<http://www.ahc.umn.edu/NewsAlert/Feb00/022100NewsAlert/44500.htm>

J.L. and Barbara Hammond. *The Town Labourer (1760-1832)* 2 vols. (London: Longmans, Green & Co., 1917)

Hammonds. *The Village Labourer (1760-1832)* (London: Longmans, Green & Co., 1913).

Michael Harrington. *Socialism* (New York: Bantam, 1970, 1972).

Harrington. *The Twilight of Capitalism* (Simon and Schuster, 1976).

Hearings on Global and Innovation-Based Competition. FTC, 29 November 1995, at <http://www.ftc.gov/opp/gc112195.pdf>

John Judis. "Bare Minimum: Goodies for the Rich Hidden in Wage Bill," *The New Republic* 28 October 1996, in *Project Censored Yearbook 1997* (New York: Seven Stories Press, 1997).

Frank Kofsky. *Harry S. Truman and the War Scare of 1948* (New York: St. Martin's Press, 1993).

Peter Kropotkin. *Mutual Aid: A Factor of Evolution* (New York: Doubleday, Page & Co., 1909).

William Lazonick. *Business Organization and the Myth of the Market Economy* (Cambridge University Press, 1991).

Lazonick. *Competitive Advantage on the Shop Floor* (Cambridge and London: Harvard University Press, 1990).

Chris Lewis. "Public Assets, Private Profits," *Multinational Monitor*, in *Project Censored Yearbook 1994* (New York: Seven Stories Press, 1994).

Tiber Machan. "On Airports and Individual Rights," *The Freeman: Ideas on Liberty*. February 1999.

Steven A. Marglin. "What Do Bosses Do? The Origins and Functions of Hierarchy in Capitalist Production--Part I"



Review of Radical Political Economics 6:2 (Summer 1974).

Karl Marx and Friedrich Engels. Capital vol. 1, Collected Works v. 35 (New York: International Publishers, 1996).

Seymour Melman. Profits Without Production. (New York: Alfred A. Knopf, 1983).

C. Wright Mills. The Power Elite (Oxford University Press, 1956, 2000).

David Montgomery. The Fall of the House of Labor (New York: Cambridge University Press, 1979).

Montgomery. Workers Control in America (New York: Cambridge University Press, 1979).

Richard K. Moore. "Escaping the Matrix" Whole Earth (Summer 2000).

Frank Morales. "U.S. Military Civil Disturbance Planning: The War at Home" Covert Action Quarterly 69, Spring-Summer 2000, at <http://infowar.net/warathome/warathome.html>

David F. Noble. America By Design: Science, Technology, and the Rise of Corporate Capitalism (New York: Alfred A. Knopf, 1977).

Noble. Forces of Production: A Social History of Industrial Automation (New York: Alfred A. Knopf, 1984).

Martin Khor Kok Peng. The Uruguay Round and Third World Sovereignty (Penang, Malaysia: Third World Network, 1990).

Chakravarthi Raghavan. Recolonization: GATT, the Uruguay Round & the Third World (Penang, Malaysia: Third World Network, 1990).

J. B. Robertson. The Economics of Liberty. (Mineapolis: Herman Kuehn, 1916).

Paul Rosenberg. "The Empire Strikes Back: Police Repression of Protest From Seattle to L.A." L.A. Independent Media

Center 13 August 2000, at  
<http://www.r2kphilly.org/pdf/empire-strikes.pdf>

Murray Rothbard. "Confessions of a Right-Wing Liberal," in Henry J. Silverman, ed., *American Radical Thought* (Lexington, Mass.: D.C. Heath and Co., 1970).

Rothbard. *Man, Economy, and State: A Treatise on Economic Principles* (Los Angeles: Nash Publishing, 1952, 1970).

Rothbard. *Power and Market* (New York: New York University Press, 1977).

Adam Smith. *The Wealth of Nations*. Great Books edition (Encyclopedia Britannica, Inc., 1952).

Testimony of Chairman Alan Greenspan. U. S. Senate Committee on Banking, Housing, and Urban Affairs. 26 February 1997, at  
<http://www.federalreserve.gov/boarddocs/hh/1997/february/testimony/htm>

E. P. Thompson. *The Making of the English Working Class* (New York: Vintage, 1963, 1966).

Benjamin Tucker. *Instead of a Book, by a Man Too Busy to Write One* (New York: Haskell House Publishers, 1897 1969).

Immanuel Wallerstein. *Historical Capitalism* (London, New York: Verso, 1983).

Diane Cecilia Weber. "Warrior Cops: The Ominous Growth of Paramilitarism in American Police Departments" *Cato Briefing Paper* No. 50, 26 August 1999, at  
<http://www.cato.org/pubs/briefs/bp-050es.html>

Mark Zepezauer and Arthur Naiman. *Take the Rich Off Welfare* (Odonian Press/Common Courage Press, 1996).

# Farm loan waiver vs corporate loan largesse

Punjab is in a fix, and so is Uttar Pradesh. The newly-formed governments in both the states are trying out all kinds of permutations and combinations to address the complicated issue of farm loan waivers.

While Punjab has decided to form a committee to ascertain the extent of bad farm debt that will need to be written-off, state finance minister Manpreet Singh Badal is toying with the possibility of 'owning' the total farm debt, treat it as loan to be repaid back over the long run. Uttar Pradesh faces a still bigger dilemma since Prime Minister Narendra Modi had, in election rallies, promised to write-off farm debts in the very first cabinet meeting, if the BJP is voted to power.

With Union finance minister Arun Jaitley making it clear that the Centre will not be taking on the financial burden of farm loan waiver, all eyes have now shifted to how Punjab and UP intend to tackle this contentious issue. The promise of farm loan waiver remains a politically hot issue, and what make it difficult to implement is the overtly stressed financial balance-sheets that both the state governments have inherited.

"If a state has its own resources and wants to go ahead in that direction, it will have to find its resources. The situation where the Centre will help one state and not the other will not arise," Jaitley recently said in Rajya Sabha, implying that farm loan waivers are a state subject. States will have to use their own resources to bail-out the stressed farming communities.

Agriculture is indeed a state subject, but when it comes to industry, which is also a state subject, the finance ministry has no qualms about writing-off of the massive bad debt. The Public Accounts Committee of Parliament has estimated that the total bad loans of public sector banks, termed as Non-Performing Assets (NPAs), stands at Rs 6.8 lakh crore. Of this amount, 70% are of the corporates, with farmers making up just 1%.

Credit rating agency, India Ratings, says that more than Rs 4-lakh crore of stressed corporate loans is likely to be waived.

Chief economic adviser Arvind Subramaniam has gone on record saying that writing-off of bad loans of the corporate sector makes economic sense. "This is how capitalism works," he said. If this true, I don't know why capitalism doesn't work the same way for farmers.

## **TREAT THEM ON A PAR**

The industry as well as farmers default on loans from nationalised banks and should therefore be treated in the same manner. Between 2012 and 2015, Rs 1.14-lakh crore of corporate NPAs has been written-off. Surprisingly, no state government was asked to bear the burden from its own revenues.

Even for the Rs 4-lakh crore of NPAs that India Ratings expects the banks to write-off in near future, no state government is being asked to take on the

burden. The question that needs to be asked, therefore, is that why the state governments should be asked to waive farm loans from its own resources?

Take the case of steel giants. A report in Business Standard (Mar 23) says that the Prime Minister's Office (PMO) is likely to step in to resolve steel companies' bad debts issue. The PMO, along with the finance ministry, was working on a fresh package for top steel companies and also for the top 40 accounts that were under stress. The total debt of these companies stands at Rs 1.5 lakh crore. In contrast, for both Punjab and UP, the total bad debt in farming is unlikely to exceed Rs 75,000-crore.

The outstanding debt of Bhushan Steel stands at Rs 44,478-crore, which alone is more than the expected Rs 36,000-crore farm bad loan in Punjab, which the state government is likely to 'takeover'. Jindal Steel & Power owes Rs 44,140-crore, which is way above the farm loan waiver that UP government is staring at. The corporate offices of Bhushan Steel and Jindal Steel are located in New Delhi but at no stage, has the Delhi government has been asked to write-off these from its own resources.

Maharashtra is seeking a farm loan waiver of Rs 30,500 crore. This is less than the outstanding loan of Rs 34,929 crore that Essar Steel alone holds.

How fair is it to allow the banks to write-off Essar Steels bad debt while asking the Maharashtra government to strike out bad farm loans from its own resources?

#### **CLUB FARM LOANS AND CORPORATE LOANS**

As a solution, farm loans need to be clubbed with corporate loans. Since both agriculture and industry are state subjects, it is unfair to treat them differently when it comes to loan waiver. Unless this is done, states will always find it difficult to bail out farmers in distress. State governments should refuse to write-off outstanding farm loans from its own revenues.

Not only for the total farm bad debts of nationalised banks, let the cooperative bank/societies loan write-off, in turn, be a responsibility of the National Bank for Agriculture and Rural Development (NABARD).

The states should impress upon the government to set up a farm monitoring group in the PMO in line with the project monitoring group (in the PMO) which looks at recasting corporate loans and also the write-offs.

## India: obesity, malnutrition and the globalisation of bad food

The proportion of deaths due to cancer around the world increased from 12% in 1990 to 15% in 2013 .

Globally, cancer is already the second-leading cause of death after cardiovascular diseases.

In India, government data indicates that cancer showed a **5% increase in prevalence between 2012 and 2014** with the number of new cases doubling between 1990 and 2013. The incidence of cancer for some major organs in India is the **highest in the world** .

Reports have also drawn attention to **rising rates** of breast cancer in urban areas, and, in 2009, there was a **reported increase** in cancer rates in Tamil Nadu's textile belt, possibly due to chemically contaminated water.

The **increase in prevalence of diabetes** is also worrying. By 2030, the number of diabetes patients in India is likely to rise to 101 million (World Health Organisation estimate). The number doubled to 63 million in 2013 from 32 million in 2000. Almost 8.2% of the adult male population in India has diabetes. The figure is 6.8% for women.

In India, almost 76,000 men and 52,000 women in the 30-69 age group died due to diabetes in 2015, according to the WHO. The organisation reports South-East Asia had a diabetic population of around 47 million, which is expected to reach 119 million by 2030.

A **new study** in *The Lancet* has found that India and China continue to have the largest number of underweight people in the world; however, both countries have broken into the top five in terms of obesity.

### **Leading the world in obesity - and in underweight people**

India leads the world in terms of underweight people. Some 102 million men and 101 million women are underweight, which makes the country home to over 40% of the global underweight population.

Contrast this with India's surge in obesity. In 1975, the country had 0.4 million obese men or 1.3% of the global obese men's population. In 2014, it was in fifth position globally with 9.8 million obese men or 3.7% of the global obese men's population. Among women, India is globally ranked third, with 20 million obese women or 5.3% of global population.

Although almost half the nation's under-5s are underweight, the prevalence of underweight children in India is among the **highest in the world** ; at the same time, the country is **fast becoming** the diabetes and heart disease capital of the world.

**Many social and economic factors** , including environmental pollution, poor working and living conditions, tobacco smoking, lack of income and economic distress, lack of access to healthcare and poverty, contribute to ill health and disease. However, conditions like cardiovascular disease and obesity have among other things been linked to sedentary lifestyles and/or certain types of diet, not least modern Western-style convenience food (discussed later).

Western junk food aside, it will be shown that even when we have access to sufficient calorific intake or seemingly nutritious and wholesome traditional diets, there is little doubt that due to the processes involved in growing and

processing the food we eat, diet can be a (major) contributory factor in causing certain conditions and illnesses.

### **The junk food revolution, 'free trade' and poor health**

The impact of the North American Free Trade Agreement and the subsequent flood of cheap US processed food into the country has adversely affected the health of ordinary people. Western 'convenience' (junk) food has displaced more traditional-based diets and is now readily available in every neighbourhood.

Increasing rates of diabetes, obesity and other health issues have followed. This [report by GRAIN](#) describes how US agribusiness and retailers have captured the market south of the border and outlines the subsequent impact on the health of Mexican people.

In Europe, due to the 'harmonisation' of food regulatory standards, the Transatlantic Trade and Investment Partnership (TTIP) could seriously impact the health of Europeans. Washington wants Europe to eliminate all restrictions on imports of food from the US and to adopt a US-style food supply regulatory regime, stripped of the precautionary principle.

US corporations want to make it difficult for European consumers to identify whether what they're eating is food that was produced using health-damaging practices that EU consumers are against, like GMOs, chlorine-washed chicken and meat from animals treated with growth hormone.

These types of trade agreements represent little more than economic plunder by transnational corporations. They use their massive political clout to author the texts of these agreements with the aim of eradicating all restrictions and regulations that would impede greater profits.

Western agribusiness, food processing companies and retail concerns are gaining wider entry into India and through various strategic trade deals are looking to gain a more significant footprint within the country.

The Knowledge Initiative on Agriculture and the ongoing India-EU free trade agreement ( [like TTIP](#) , both are secretive and [largely authored](#) by powerful corporations above the heads of ordinary people) talks have raised serious concerns about the stranglehold that transnational corporations could have on the agriculture and food sectors, including the subsequent impact on the livelihoods of hundreds of millions and not least the health of the public.

Western style fast-food outlets have already been soaring in number throughout the country. Pizza Hut now operates in 46 Indian cities with 181 restaurants and 132 home delivery locations, a 67% increase in the last five years). KFC is now in 73 cities with 296 restaurants, a 770% increase.

McDonalds is in 61 Indian cities with 242 restaurants as compared to 126 restaurants five years back, a 92% increase). According to a study published in the *Indian Journal of Applied Research* , the Indian fast food market is growing at the rate of 30-35% per annum (see [this](#) ).

### **And now, the extra burden of disease**

Heart disease, liver damage, stroke, obesity and diabetes are just some of the diseases linked to diets revolving around fast-food. Frequent consumption of fast food has been associated with increased body mass index as well as higher intakes of fat, sodium, added sugars and sugar-sweetened beverages and lower intakes of fruits, vegetables, fibre and milk in children, adolescents and adults.

Fast food also tends to have higher energy densities and poorer nutritional quality than foods prepared at home and in comparison with dietary recommendations (see [this](#) ). To further appreciate just how unhealthy even seemingly healthy food can be in well-stocked supermarkets, [this report](#) in *the Guardian* reveals the cocktails of additives, colourants and preservatives that the modern food industry adds to our food.

Moreover, in many regions across the globe industrialised factory farming has replaced traditional livestock agriculture. Animals are thrown together in cramped conditions to scale up production and maximise output at minimum cost. For example, just 40 years ago the Philippines' entire population was fed on native eggs and chickens produced by family farmers. Now, most of those farmers are [out of business](#) .

And because world trade rules encourage nations from imposing tariffs on subsidised imported products, they are forced to allow cheap, factory-farmed US meat into the country. These products are then sold at lower prices than domestic meat. There is therefore pressure for local producers to scale up and industrialise to compete.

Factory farms increase the risk of pathogens like E coli and salmonella that cause food-borne illness in people. Overuse of antibiotics can fuel the growth of [antibiotic-resistant bacteria](#) , the use of [arsenic](#) and [growth hormones](#) can increase the risk of cancer in people and crowded conditions can be a [breeding ground for disease](#) .

Genetically modified animal feed is also a [serious issue](#) , leading to concerns about the impact on both animal and human health.

### **The green revolution, micronutrient deficient soil and human health**

We often hear unsubstantiated claims about the green revolution having saved hundreds of millions of lives, but any short-term gains have been offset. This high-input petro-chemical paradigm helped the drive towards greater monocropping and has resulted in [less diverse diets](#) and [less nutritious](#) foods. Its long-term impact has led to soil degradation and mineral imbalances, which in turn have adversely affected human health (see [this report](#) on India by botanist Stuart Newton - p.9 onward).

Adding weight to this argument, the authors of [this paper](#) from the *International Journal of Environmental and Rural Development* state (references in article):

*"Cropping systems promoted by the green revolution have increased the food production but also resulted in reduced food-crop diversity and decreased availability of micronutrients. Micronutrient malnutrition is causing increased rates of chronic diseases (cancer, heart diseases, stroke, diabetes and osteoporosis) in many developing nations; more than 3 billion people are directly affected by the micronutrient deficiencies. Unbalanced use of mineral fertilizers and a decrease in the use of organic manure are the main causes of the nutrient deficiency in the regions where the cropping intensity is high."*

The authors imply that the link between micronutrient deficiency in soil and human nutrition is increasingly regarded as important:

*"Moreover, agricultural intensification requires an increased nutrient flow towards and greater uptake of nutrients by crops. Until now, micronutrient deficiency has mostly been addressed as a soil and, to a smaller extent, plant problem. Currently, it is being addressed as a human nutrition problem as well. Increasingly, soils and food systems are affected by micronutrients disorders, leading to reduced crop production and malnutrition and diseases in humans and plants."*

*"Conventionally, agriculture is taken as a food-production discipline and was considered a source of human nutrition; hence, in recent years many efforts have been made to improve the quality of food for the growing world population, particularly in the developing nations."*

### **Pesticides, the environment, food and health**

Hand in hand with the practices outlined above has been the growth of the widespread intensive use of chemical pesticides. There are currently 34,000 pesticides registered for use in the US. Drinking water is **often contaminated by pesticides** and more babies are being born with **preventable birth defects** due to pesticide exposure.

Illnesses are on the rise too, including asthma, autism and learning disabilities, birth defects and reproductive dysfunction, diabetes, Parkinson's and Alzheimer's diseases and several types of cancer. The association with **pesticide exposure** is becoming stronger with each new study.

In Punjab, pesticide run-offs into water sources have turned the state into a '**cancer epicentre**', and **Indian soils are being depleted** as a result of the application of green revolution ideology and chemical inputs. India is losing 5,334 million tonnes of soil every year due to soil erosion because of the indiscreet and excessive use of fertilisers, insecticides and pesticides. The Indian Council of Agricultural Research reports that soil is become deficient in nutrients and fertility.

India is one of the world's largest users of pesticides and a profitable market for the corporations that manufacture them. Ladyfinger, cabbage, tomato and cauliflower in particular may contain dangerously high levels because farmers tend to harvest them almost immediately after spraying. Fruit and vegetables are sprayed and tampered with to make them more colourful, and harmful fungicides are sprayed on fruit to ripen them in order to rush them off to market.



Consider that if you live in India, the next time you serve up a good old 'wholesome' meal of rice and various vegetables, you could take in half a milligram of pesticide also. That would be much more than what an average North American person would consume.

Research by the School of Natural Sciences and Engineering (SNSE) at the National Institute of Advanced Studies in Bangalore has indicated disturbing trends in the increased use of pesticide. In 2008, it reported that many crops for export had been rejected internationally due to high pesticide residues. Moreover, India is one of the largest users of World Health Organization (WHO) 'Class 1A' pesticides, including phorate, phosphorus, phosphamidon and fenthion that are extremely hazardous.

Kasargod in Kerala is notorious for the indiscriminate spraying of endosulfan. The government-owned Plantation Corporation of Kerala aerially sprayed the harmful pesticide on cashews for a period of over 20 years. Consequently, it got into rivers, streams and drinking water. Families and their children have been living with physical deformities, cancers and disorders of the central nervous system ever since.

Officials and the pesticide companies benefited from the spraying. At the time, cashew was grown without pesticides throughout Kerala, but the government-run plantation invested millions of rupees of public money in spraying the deadly pesticide. Endosulfen poisoning cases also emerged elsewhere, including Karnataka.

The SNSE notes that pesticide use across India has greatly increased over the years. This not only impacts the health of consumers but also the health of agricultural workers who are subject to pesticide drift and spraying, especially as they tend to wear little or no protection. **Research by SNSE** shows farmers use a cocktail of pesticides and often use three to four times the recommended amounts.

### **Forced-fed development: who benefits?**

If there are any beneficiaries in all of this, it is the pesticide manufacturers, the healthcare sector, especially private clinics and drug companies, and the transnational food and agribusiness companies, which now see their main growth markets in Asia, Africa and South America, where traditionally people have tended to eat food from their own farms or markets that sell locally-produced foods.

Of course, the commodification and privatisation of seeds by corporate entities, the manufacturing and selling of more and more chemicals to spray on them, the opening up fast food outlets and the selling of pharmaceuticals or the expansion of private hospitals to address the health impacts of the modern junk food system (in India, the healthcare sector is projected to grow by **16%** a year) all amounts to the holy grail of neoliberal capitalism, GDP growth; which increasingly means a system defined by jobless growth, greater personal and public debt and massive profits for large corporations and banks.

While there are calls for taxes on unhealthy food and emphasis is placed on encouraging individual 'lifestyle changes' and 'healthy eating', it would be

better to call to account the corporations that profit from the growing and production of health-damaging food in the first place and to get agriculture off the **chemical treadmill** .

Part of the solution entails restoring degraded soils. It also includes moving towards **healthier** and **more nutritious** organic agriculture, encouraging localised rural and urban food economies that are shielded from the effects of **rigged trade and international markets** and shying away from the need for **unhealthy food-processing** practices, unnatural preservatives and harmful additives.

In India, it also involves calling a halt to the **programmed dismantling** of local rural economies and indigenous agriculture under the guise of 'globalisation' for the **benefit of transnational agribusiness and food retail corporations** .

And it entails placing less emphasis on a headlong rush towards urbanisation (and the subsequent **distortion** of agricultural production), while putting greater emphasis on **localisation** .

---

[1] <https://doi.org/10.1080/03066150.2017.1291505> [use Sci-Hub to get it]

[2] Find the book here at <https://b-ok.asia/book/4547608/7ab87e>